FARM MUNICIPAL TAX STUDY

(A summary of findings and recommendations)

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PREFACE

This paper is a condensation of the full report on Farm Municipal taxation which is to be ready for publication in December, 1969. Anyone wishing to obtain further information on this matter may obtain a copy of the full report by writing to:

Economics Division
Department of Agriculture
Truro, Nova Scotia

The author would also like to take the opportunity to offer his sincere thanks to the many people who assisted in the production and publication of this report.

S.G. Ryle, November, 1969.

FARM MUNICIPAL TAX STUDY

Over the past few years the feeling that farmers were paying a disproportionate share of their income in municipal taxes or were subject to inequitable assessments has become widespread. Following formal representation by the Federation of Agriculture, it was decided that a Farm Municipal Tax Study would be set up to undertake a detailed review of the municipal situation as it affected the industry. To accomplish this tax data for the 1968 municipal fiscal year were collected for every commercial farmer in the province; the use of this, together with D.B.S. information for the industry as a whole enabled comprehensive study of both the commercial and non-commercial agricultural sectors.

An evaluation of the overall municipal situation was also felt to be essential, both as a guide to the significance of present trends and necessary prerequisite for framing recommendations, having a degree of acceptability to the tax levying authorities. The main purpose of the study was seen as the uncovering of areas of possible adjustment which would not only be of long-term meaningful benefit to the agricultural industry but also assist (or at least not weaken) the position of municipalities already facing trying circumstances largely beyond their control and, of course, being responsible to the main body of tax payers of which farmers represent a very small minority.

Property Taxes and the Present Municipal Situation

Municipal affairs have been the subject of increasing interest and controversy in recent years. The reasons for the development of the so called "Urban Crisis" are many and complex but in general may be attributed to changes in social, institutional and financial patterns which have seriously eroded, in one way or another, the basic strength and relevancy of a municipal system relying for a very large majority of its revenue on property taxes. Outstanding of these trends have been:

1. Phenomenal increases in expenditures for the so called "People Services" such as education and welfare which property taxes were never designed to carry.

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2. Rapid proliferation of the number of services now required tied to a constant demand for improvement in their quality.

3. A change in wealth-earning patterns away from real estate, depriving municipalities from full access to the expanding tax base available to other fiscal authorities.

4. Increasing costs due to the growing need for expensive inputs in the form of computerization and highly paid specialized personnel.

For these and other reasons such as tight money and wide-spread tax exemption practices, municipalities today face very serious problems which are beyond their solution and which they can only adequately confront by increasing taxes. Municipal governments exist for the service of the tax payer and it is totally irrelevant for any one sector to look for special concessions unless it is prepared to accept a reduction in services offered. Not only is real property clearly a source of wealth or income earning ability and as such a legitimate source of tax revenue but also were property taxes on land to be eliminated or drastically reduced, the situation would arise for speculators to corner the land market and deprive those who work the land resource of the opportunity to earn their living in this way. A fair and equitable land tax, in fact, is the best guarantee this resource will stay in the hands of those who have at heart its greatest long-term interest.

The legitimate concern of the agricultural industry, therefore, must be to maintain vigilance so that it does not acquire a disadvantageous position through any changes that might occur and to put forward constructive suggestions for change which are realistic and progressive and in which the municipalities also share a community of interest.

Property Taxes and Agriculture

The basis of agricultural assessment is the estimated market value that the property represents in the eyes of the municipality. Its value is multiplied by the tax rate to give the amount of taxes levied;

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this, for all practical purposes, being the same principle that is applied to other sectors. Typically with farms, the dwelling house is included in the tax levy, together with farmland and buildings. Agriculture enjoys exemptions on livestock, unprocessed crops and produce and machinery, a concession not granted to other businesses which are taxed on the value of plant and inventory as well as real estate.

On the other hand, agriculture faces many peculiar problems affecting its ability to pay the proportionately high taxes which it incurs on the land and buildings which characteristically it uses so extensively. These factors, such as worsening net/gross income ratio, low predictability of output, seasonable income, high investment/output ratio and poor control over producer prices have instated a situation in which it is becoming increasing difficult to meet the tax burdens. This problem becomes more acute as (assessable) capital requirements on commercial farms increase steadily (hence, creating a larger tax base). Given this greater sensitivity to property tax burdens one finds firstly that inequities or differences in tax levels between areas are thrown into sharper focus and that the harmful effects of these rates (whether too low or too high) have a greater significance.

In overall terms of land resource utilization, the total immobility of land makes a reasonably standard and equitable tax system a paramount consideration. Good land and the farming operations which exploit its economic potential just cannot be moved to areas with favourable tax levels. Since agriculture in one way or another is a corner stone of many other sectors, every acre which is cultivated, while better land lies idle, is a definite economic loss to a wide section of the community.

One further factor difficult to assess in dollars and cents term is the long-term benefit of land improvement. Recognition of the long-haul nature of this type of activity is evidenced by the provision of government grants and other incentives; however, in most cases such improvements attract higher municipal taxes which brings into play a factor directly offsetting any financial help obtained; conversely low-

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er taxes typically apply to land down-graded in use considerably assisting the owner in a non-productive ownership pattern and thus negate land improvement policies and free market movement of land resources.

It would appear that unless it can be proved that the overall tax levels imposed on the industry are obviously too high, tax reforms should look towards reducing inequities and coordinating taxation policy with the long-term aims of agriculture rather than to demand across-the-board reductions or further exemptions which while bringing relief to individuals may work against the long-term prosperity of the industry in some of the ways outlined above. A need for change should be looked on as an opportunity to create real improvement and meaningful adjustment rather than to treat the symptoms of an ailment which will only recur.

The Impact of Property Taxes On Agriculture

Examination of the statistical data attached to this report lead to the following conclusions:

(a) Agriculture As A Whole

1. Although farm taxes have risen at a much slower rate than in the rest of the economy, the general downward trend of farm incomes (although there has been some recovery over the past two years) since the late fifties has considerably increased the share of net income consumed by property taxes.
2. The farming input price index of the last ten years has risen on average three times as fast as the producer selling price index, this phenomenon evidencing a reduced net/gross income ratio and increased impact of property taxes.
3. Overall, farm taxes make up about 10 per cent of the net income of N.S. agriculture.
4. The proportion of property taxes to cash incomes differs very widely between the commercial and non-commercial sectors; being 2.8% and 14% respectively.

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5. Fairly radical changes in land market values have been closely followed by assessment value in both the commercial and non-commercial sectors.
6. From the above it may seem that non-commercial agriculture is spending a much higher proportion of its income in taxes because it is generating less income rather than being taxed relatively more heavily on its assets.

(b) Commercial Agriculture

7. Commercial agriculture produces 87% of the province's agricultural income from around 51% of its assessable capital, paying approximately 52% of its total municipal tax bill.
8. The average commercial farm is 286 acres in extent, employs assessable capital of $19,300 and pays $257.00 municipal taxes per year.
9. Since 1961, assessable capital has risen at an annual rate of more than 9 per cent on commercial farms whereas taxes have risen at about 5.6%.
10. Since 1961, the amount of assessable capital used to produce $100 of net income rose from $230 to $372, a rate of more than 12% annually.
11. On average, the taxation burden is distributed in the following way: Land 35%, Buildings 29%, Farm House 36%.
12. The exemptions granted in 1966 have cut the average commercial farmers' tax bill by 20.8%.
13. On the purely business part of the farm, land and buildings, the reduction is 32.4%.
14. The precise application of exemption legislation has yet to be established.
15. Average taxes on commercial farmland range from 10 cents to 70 cents per acre in different municipalities.
16. When other factors were discounted it was still apparent

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that farmers are subject to a fairly wide disparity in tax load for equivalent land resources in different areas.

Summary

1. The impact of farm taxes on agriculture is increasing steadily due mainly to its unstable and unsatisfactory income position; the trend is being made worse by a rapidly increasing assessable capital requirement.
2. A good measure of overall relief was afforded to the industry by the exemptions on livestock and machinery; the effect, however, is very patchy and is of doubtful benefit to the long-term prospects of the industry.
3. Commercial and non-commercial agriculture bear very different tax burdens due to their different income patterns.
4. Farmers are subject to variation in tax burdens depending on location; this works against the balanced long-term development of agriculture and full use of yet unexploited land resources.
5. Since the dwelling house taxes represent a very substantial proportion of the total burden the present practice of one combined assessment is difficult to justify.
6. The present method of woodlot assessment is most likely inhibiting the full development of this segment of the agricultural industry.
7. Farm assessment on a cash value basis in the present circumstances of scattered and numerically few farms sales can only be very subjective.
8. Farmers on the fringes of a built-up area are liable to suffer an extra burden through the assessment of the land on its subdivision potential.
9. Exemption legislation is not precise enough to avoid unnecessary conflict in this, a fairly marginal area.
10. Assessment practice in Nova Scotia is of commendably high standard and is being carried out with a high degree of

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fairness within the framework of existing farm taxation policy.

Recommendations

1. Tax notices should clearly and separately show the taxes appropriate to the house and business sectors of the farm.
2. Existing exemption legislation should be sorutinized to remove any anomalous sections.
3. Land on farms now being assessed for other than agricultural purposes should be treated in the following way:
   a. Zoned for agriculture or
   b. Receive two assessments -- one for its agricultural value and a supplementary assessment for its additional value. The supplementary figure would only become collectible when the land passed into that use at which time the whole or a part of the accumulated supplement would also be payable. Zoning for agricultural use or the deferrable supplement option would be at the discretion of the owner.

This system would protect the municipality from speculation by land owners under the guise of agriculture; whereas the bona fide farmer would also receive complete and continuing protection, while still being able to realize his land's increased value should he wish to do so at a later date. Simple removal of existing subdivision potential assessments would only leave such land wide open to speculation to the detriment of the farming industry.

4. All agricultural land and possibly woodlots should be taxed under a unified province-wide system based upon land use capability classification. Examination of the technical obstacle to this type of taxation suggests no insuperable barriers -- the small differences in land potential existing under any classification scheme being more than out-weighed by other factors. Such a scheme

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would relieve municipalities of a time consuming annual assessment chore and still provide them with a highly predictable annual income. For agriculture, the benefits should be considerable, the major advantages foreseen being as follows:

(1). A uniform tax burden per unit of land resource used wherever located in the province.

(2). With taxation based on potential rather than use, there would be every incentive to intensify since this would bring in greater returns with no changes in taxes.

(3). Good land now lying idle would be more freely available since the cost of holding it non-productively would rise steeply.

(4). Assessment on this basis would be greatly simplified and more generally understood.

(5). Municipalities would receive a predictable annual income while farmers would face a greatly stabilized tax burden.

(6). The redistribution of the industry toward a more optimal use of its land resource would be greatly facilitated.

Conclusion:

It is felt that considerable scope exists for meaningful adjustment and redistribution of the agricultural industry's municipal tax responsibilities by a reorientation of assessment towards a standardized basis of land use capability. Such a move should relieve the burden on the more productive farmers, facilitate a better redistribution of the land resource, encourage the acceptance of the technological change so vital to the industry's long-term viability whilst at the same time preserving the essential administrative and fiscal interests of the municipalities.

Some Notes On The Interpretation of Statistical Data.

The following tables have been designed to be as self-explanatory as possible but the following hints may be useful.

a) Individual Municipality Data

1. No real significance may be attached to figures deriving from municipalities with less than say five farmers. In such a case, a single individual with perhaps an unusually valuable farmhouse will push the average far beyond what would be expected. Good examples of this are seen in the figures for Pictou and Yarmouth towns.

2. The final column of this table referring to the value of exemptions in relation to total commercial farm taxes is of restricted value for absolute purposes as it depends very largely on the proportion of commercial farmers in a municipality. It is interesting, however, in that it shows how the contribution made by government in the form of exemption grants is distributed, a high percentage figure indicating a low relative benefit to commercial farming.

b) County Data

1. Average tax paid per farm acre refers to all commercial farm acreage whether arable, pasture or woodland.

2. The percentage figures given in columns 10 and 12 represent the proportion by which those particular tax burdens would increase if the exemptions had not been brought into effect, this is, however, only an average figure and would differ widely from farm to farm.

3. All income figures used in these comparisons were based on the 1966 farm census information which was adjusted on the basis of more accurate later information. This also explains why the total figure for commercial farmers is somewhat higher than the 1966 census estimate.

4. Pictou County at present assesses land and farm buildings together. The split between these was made on the average of surrounding municipalities of similar agricultural patterns. This was done to give completeness to the data which should therefore be treated with caution. In any case, the county is soon to complete a reassessment exercise which will remove the anomoly.

TAX DATA FOR INDIVIDUAL MUNICIPALITIES AND PROVINCE

(22 Municipalities have no Commercial Farmers)

County	Municipality	NUMBER OF COMMERCIAL FARMERS	PROPORTION OF TOTAL TAXES PAID BY FARMS	PROPORTION OF TOTAL TAXPAYERS MADE UP BY FARMERS	PROPORTION OF TOTAL TAXES PAID ON LAND	PROPORTION OF TOTAL TAXES PAID ON BUILDINGS	PROPORTION OF TOTAL TAXES PAID ON LAND AND BUILDINGS	PROPORTION OF TOTAL TAXES PAID ON RESIDENTIAL HOUSING	AVERAGE TAX LOAD PER RESIDENTIAL UNIT	% OF MUNICIPAL AVERAGE	% LAND AND BUILDINGS EXEMPTIONS OF TOTAL TAXES
	PROVINCE	3269	2.54%	1.09%	35.0%	29.2%	64.2%	35.8%	$91.93	N/A	30.1%
		1	2	3	4	5	6	7	8	9	10
			%	%	%	%	%	%	$/¢	%	%
ANNAPOLIS	Annapolis County	286	8.63	3.61	32.4	24.0	56.4	43.6	99.86	101%	22.7
	Bridgetown Town	4	1.40	0.66	45.1	31.7	76.8	23.2	91.31	N/A	9.0
	Middleton Town	2	0.36	0.20	37.7	18.8	56.5	43.5	173.70		9.1
ANTIGONISH	Antigonish County	155	10.51	4.13	39.9	20.0	59.9	40.1	93.77	91.9	59.0
CAPE BRETON	Cape Breton County	115	1.59	0.74	16.9	21.6	38.5	61.5	113.85	98.23	35.22
	North Sydney Town	2	0.11	0.07	16.9	23.3	40.2	59.8		N/A	N/A
	Sydney Mines Town	1	0.04	0.04	7.3	21.2	28.5	71.5	759.25	N/A	58
	Glace Bay Town	3	0.22	0.06	0.47	71.2	71.7	28.3	166.25	N/A	22.6
	New Waterford Town	1	0.02	0.04	29.5	14.6	44.2	55.7	54.00	N/A	
COLCHESTER	Colchester County	254	7.30	2.02	34.4	19.4	53.8	46.2	133.31	110.0	46.3
	Stewiacke Town	9	5.40	2.1	29.7	39.6	69.3	30.7	111.12	N/A	56.5
CUMBERLAND	Cumberland County	244	6.27	2.29	40.8	22.9	63.7	36.3	64.34	83.3	35.81
	Oxford Town	10	4.42	1.37	19.1	35.2	54.3	45.7	210.25	N/A	43.67
	Parrsboro Town	7	0.89	0.72	28.6	4.3	32.9	67.1	126.12	N/A	5.5
DIGBY	Clare District	61	2.37	1.63	18.9	30.0	48.9	51.1	50.95	62.75	110.2
	Digby District	45	1.79	0.66	38.81	18.9	57.7	42.3	67.10	64.1	56.65
GUYSBOROUGH	Guysborough District	10	0.78	0.37	41.7	26.3	68.0	32.0	52.89	73.2	249%
	St. Mary's District	14	1.35	0.7	48.8	15.7	64.5	35.5	48.38	60.9	85.7
HALIFAX	Halifax County	90	0.43	0.03	36.9	31.1	68.0	32.0	123.87	N/A	51.2
	Dartmouth City	1	0.03	0.08	34.0	66.0	100%	nil	nil	N/A	36.6
HANTS	Hants East District	156	10.8	2.8	37.9	35.7	73.6	26.4	108.52	88.8	37.36
	Hants West District	153	7.98	2.76	21.7	44.56	66.2	33.8	72.19	61.43	18.16
	Windsor Town	13	1.31	0.66	34.7	25.0	59.7	40.3	102.62	N/A	24.0
INVERNESS	Inverness County	110	4.96	1.6	33.0	28.6	61.6	38.4	62.06	85.5	111.3
KINGS	Kings County	795	21.6	5.19	36.2	31.4	67.6	32.4	111.50	100	12.3
	Berwick Town	5	1.52	0.7	18.5	34.0	52.5	47.5	204.40	N/A	12.2
	Kentville Town	3	0.15	0.12	24.2	43.0	67.2	32.8	123.08	N/A	N/A
	Wolfville Town	3	0.35	0.21	16.4	43.8	60.2	39.8	183.40	N/A	N/A
LUNENBURG	Chester District	7	0.22	0.15	21.4	28.7	50.1	49.9	53.50	61.9	248.7
	Lunenburg District	90	2.86	0.74	17.3	47.7	65.0	35.0	82.04	98.8	82.94
PICTOU	Pictou County	435	10.4	3.78	53.3	21.7	75.0	25.	39.41	36.8	26.53
	Pictou Town	3	0.89	0.18	32.1	9.1	41.2	58.8	419.62	N/A	12.3
	Westville Town	6	0.72	0.4	23.8	14.7	38.5	61.5	140.52	N/A	10.7
QUEENS	Queens County	13	0.27	0.21	42.7	26.36	69.0	31.0	62.77	77.5	10.13
RICHMOND	Richmond County	18	1.3	0.39	26.5	16.6	43.1	56.9	137.23	208.2	55.8
SHELBURNE	Barrington District	3	0.06	0.08	1.6	37.3	39.0	61.0	80.75	124.0	231.1
	Clark's Harbour Town	1	0.07	0.02		100.0					22.0
	Shelburne District	4	0.5	0.13	37.1	22.0	59.1	40.9	72.80	95.1	143.7
VICTORIA	Victoria County	42	2.46	1.1	23.70	23.1	46.8	53.2	119.41	N/A	24.2
YARMOUTH	Argyle District	9	0.74	0.28	12.2	21.7	43.9	56.1	106.79	137.6	40.7
	Yarmouth District	82	6.79	1.92	25.7	33.2	58.9	41.1	91.08	84.4	42.43
	Yarmouth Town	4	0.19	0.10	18.0	26.5	44.5	55.5	219.65	N/A	24.54

TAX DATA FOR COUNTIES AND PROVINCE

1966 (INCOME DATA)

PROVINCE	3269	1.41%	1.09%	35.0%	29.2%	64.2%	35.8%	$91.93¢	36.0¢	20.8%	61.9%	32.4%	$53.64¢	1.6%	1.52%
County	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
ANNAPOLIS	292	6.23	2.93	32.78	24.21	56.84	43.02	101.64	29.6	13.16	60.7	23.17	30.69	1.94	1.69
ANTIGONISH	155	10.56	3.1	39.95	20.0	59.9	40.17	93.15	30.5	21.89	37.12	36.49	49.78	2.44	1.67
CAPE BRETON	122	0.63	0.28	15.89	25.88	41.76	58.35	116.80	19.1	23.84	71.32	57.08	47.33	1.21	0.96
COLCHESTER	263	7.13	1.42	34.67	20.44	55.11	44.89	136.81	24.2	31.89	67.35	57.85	93.85	1.54	1.14
CUMBERLAND	261	5.39	1.38	38.59	23.67	62.26	37.74	69.89	17.3	20.39	56.79	32.75	35.59	1.29	1.05
DIGBY	106	2.02	0.90	29.60	24.05	53.65	46.35	72.95	21.0	36.01	44.91	67.12	44.91	1.90	1.93
GUYSBOROUGH	24	1.02	0.35	45.5	20.6	66.10	33.90	52.65	12.0	53.53	33.02	81.05	72.63	1.29	0.82
HALIFAX	91	0.26	0.14	36.8	33.7	70.5	29.5	123.87	30.2	37.6	74.3	53.4	144.26	1.38	0.88
HANTS	322	7.20	2.46	31.3	40.26	71.3	28.7	103.65	34.1	19.7	70.3	27.5	69.27	1.90	1.69
INVERNESS	110	3.58	1.48	33.00	28.58	61.58	38.43	62.06	22.4	36.07	32.37	58.57	58.25	1.98	1.44
KINGS	806	11.3	4.04	35.9	31.5	67.4	32.6	622.38	72.2	9.9	81.7	14.8	34.45	1.50	1.91
LUNENBURG	97	2.90	0.45	17.51	47.03	64.54	35.46	83.42	10.2	39.70	44.80	61.51	89.55	0.98	0.92
PICTOU	444	7.14	2.02	52.25	21.33	73.59	26.41	44.52	74.2	12.53	48.38	17.03	20.27	3.19	2.47
QUEENS	13	0.27	0.17	42.8	2.64	69.2	30.9	62.82	12.8	26.46	26.12	38.30	37.24	2.99	0.81
RICHMOND	18	1.29	0.38	26.6	16.6	43.2	56.9	137.32	30.1	27.83	49.84	64.50	63.46	2.62	1.39
SHELBURNE	8	0.22	0.09	30.00	28.2	5.82	41.1	74.45	22.6	19.04	12.68	32.69	21.55	2.82	3.62
VICTORIA	42	2.34	1.10	23.7	23.1	46.8	53.2	119.41	13.8	12.95	53.31	27.65	29.09	2.79	1.34
YARMOUTH	95	1.59	0.83	24.1	31.9	56.0	44.0	98.29	25.6	24.41	59.66	43.63	52.23	2.04	1.70
	NUMBER OF COMMERCIAL FARMERS	PROPORTION OF TOTAL TAXES PAID BY FARMERS	PROPORTION OF TOTAL TAXPAYERS MADE UP BY FARMERS	PROPORTION OF TOTAL TAXES PAID ON LAND	PROPORTION OF TOTAL TAXES PAID ON BUILDINGS	PROPORTION OF TOTAL TAXES PAID ON LAND AND BUILDINGS	PROPORTION OF TOTAL TAXES PAID ON DWELLING UNITS	AVERAGE TAX LOAD PER RESIDENTIAL UNIT	AVERAGE TAX PAID PER FARM ACRE	EXEMPTIONS AS % OF WHOLE FARM TAXES	% OF LIVESTOCK AND MACHINERY ON COMMERCIAL FARMS	EXEMPTIONS AS % OF LAND AND BUILDING TAXES	AVERAGE EXEMPTION TAX RELIEF PER FARM	TAXES AS A % OF CASH SALES	TAXES AS % OF ASSESSABLE VALUE

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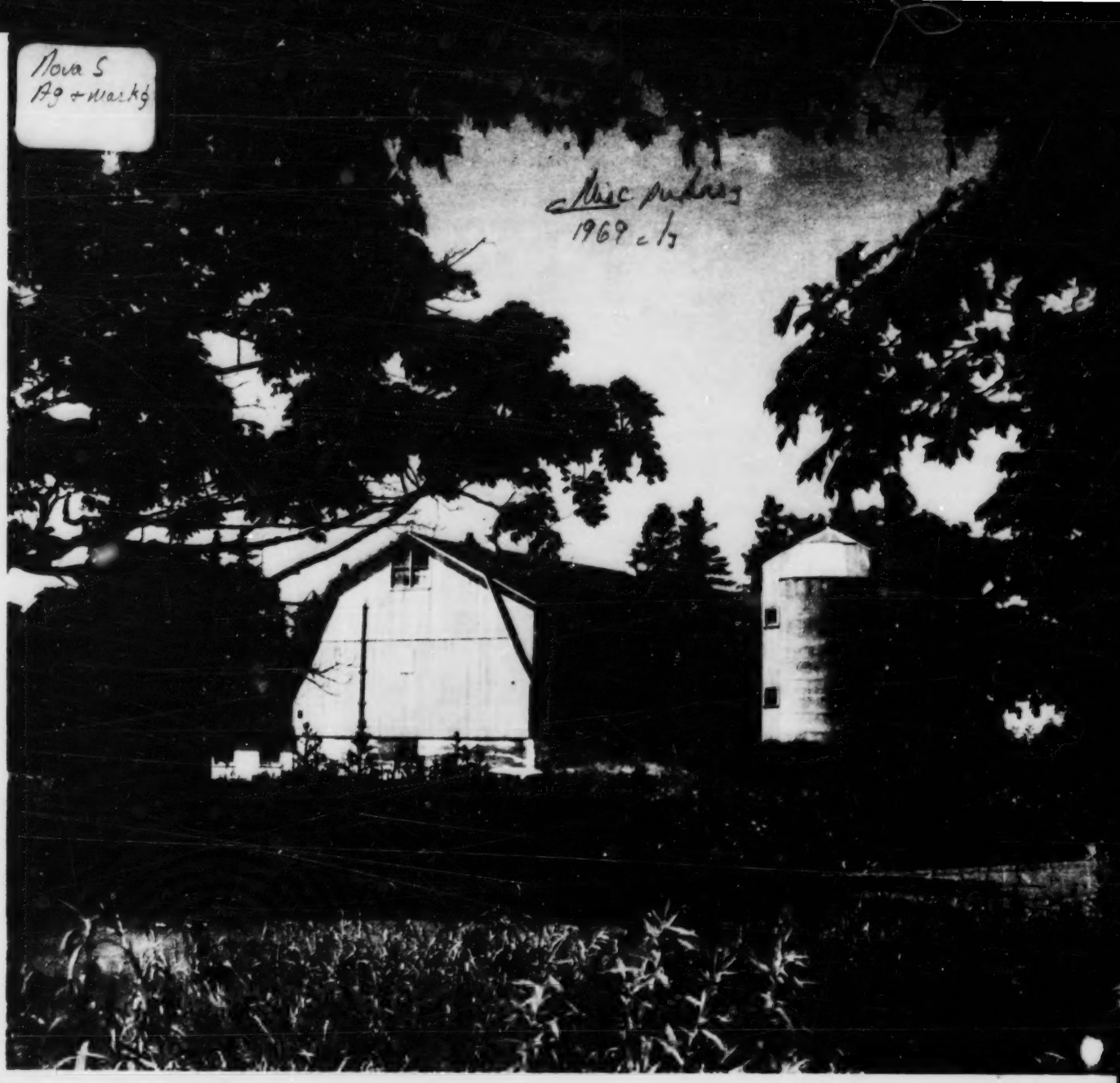

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TRURO, N. S.

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PREFACE

There have been several representations made by Nova Scotia farmers concerning the amount of municipal taxes which they pay on their farm properties. There has been a strong feeling expressed that the present taxation system results in farmers paying a disproportionate share of the total municipal tax.

The Nova Scotia Department of Agriculture and Marketing through the Economics Branch initiated a study on the broad subject of farm municipal taxation during the year 1968. The object of this investigation was to study in detail the amount of taxes being paid by commercial farmers in the province. Comparisons were to be made between municipalities and assessments made on the relative proportion of taxes paid by farmers.

The Nova Scotia Federation of Agriculture worked closely with the research officers and agricultural representatives in the identification of commercial farmers in each municipality. The Municipal Tax Assessors supplied the taxation data on each farmer. A commercial farmer was defined as one who was judged to be receiving $2,500 or more cash income per year. There were 3,500 farmers identified in the various municipalities. The selection of commercial farmers was completed by a team in each municipality made up of the agricultural representative, local tax assessor, and farmers named by the County Federation of Agriculture. Data was compiled from the tax records for each farmer. The identification of farmers and compilation of data represented a major task. In addition to the study of tax data, interviews were held with almost every municipal tax assessor and many farmers in the counties.

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FARM MUNICIPAL TAX STUDY

INTRODUCTION

To introduce this subject adequately, it is appropriate to define some of the terms that will be used; important ones are as follows:

Commercial Farm: In this study, defined as a farm having a gross income from Agriculture and Forestry in excess of $2,500 per year.

Municipal Taxes: The Taxes levied by municipalities within their areas to support the services which they provide.

Property Tax: Taxes levied on all types of property, including real and personal property. In 1966, these taxes made up more than 87% of the revenue derived from Municipal Taxation in Nova Scotia.

Realty Tax: Taxes limited to property of a real and immovable nature; e.g., land and buildings. Realty taxes make up an estimated 90% of all property taxes levied in Nova Scotia.

It will be appreciated from the above that Realty Taxes (which is what this study is almost entirely confined to) constitute well in excess of 80% of total Municipal Taxes; and that any increased revenue required by municipalities is going to be derived very largely from this source. The present and projected structure and situation of municipalities is, therefore, of very basic interest in a study of this kind. There is a large and well-informed body of opinion that predicts a rapid increase in municipal taxes and/or a breakdown, or radical alteration, of municipal structure as we know it now.

It should, however, be appreciated that what is true generally is not always as acceptable specifically. The main purpose of this report should be taken as trying to establish principles, rather than rigid, all-embracing rules, and will, therefore, have varying applicability over the diverse types and sizes of municipal organizations found in Nova Scotia.

CHAPTER I

THE HISTORICAL DEVELOPMENT OF PROPERTY TAXES:

It would be difficult to decide which of the two taxes -- Poll Tax or Property Tax -- arrived on the historical scene first. Both are referred to in the times before Christ and there was in Athens in 600 B. C. a fairly sophisticated property tax system. These taxes arose for the very simple reason that, once man had reached the stage where he required a service which he could not provide individually, it became essential that he should contribute (voluntarily, or otherwise) to the agency which was going to provide that service to him. Since the development of money was as yet in only a very rudimentary stage, the property he possessed became the obvious, and perhaps sole, practical parameter by which his wealth, and hence ability to bear taxes, could be assessed. There were many variations, of course, in the philosophy of the application of the tax to cover varying conditions. Thus, in a predominantly rural area, land taxes would predominate heavily over personal property taxes whereas in a city, the latter might be the more important source of revenue. One very interesting feature was the cyclical appearance and disappearance of the personal property tax, which was a regular feature of property tax history. Apart from these differences, however, the tax seemed to be generally acceptable until the Industrial Revolution occurred and set in train influences which have brought about the acute situation found today. The main trends were:

1. Rapid development of the money economy.
2. Phenomenal growth of urban areas.
3. Growth of Government institutions and power at all levels.
4. Rapid population increase.
5. Accelerating acquisition of technological knowledge.

The combined effect of these trends was to bring about far-reaching changes in the socio-economic scene as well as radical influence on matters of Government and finance. Over a very short period of time, the various levels of Government found themselves

with greatly increased authority and a vastly increased demand on their services. This implied the need to raise greatly augmented taxes in an equitable way from a society in which not only were new sources of tax revenue appearing but in addition, the whole social structure on which the equitability of the narrow range of form of taxes was based, was beginning to enter a phase of rapid evolution. In short, the property tax formerly levied generally on an ad valorem basis on property when it was a valid parameter of wealth, still continued to be levied in much the same way, although property services constitute a fractional and ever-decreasing proportion of municipal expenditures. The attitudes of society and the wealth indicating importance of real property have changed basically.

Those who would argue that property taxes are entirely unjust, overlook the point that their removal would create an even more inequitable situation. It would remove all constraint from speculative holding of land and escalate real property values to the point where acquisition by any but the very rich would likely be almost unattainable. Since property has income-producing ability, it is a legitimate source of taxation revenue and there should be little valid complaint -- if there is reasonably fair and even assessment -- provided,

(1) that taxation exemptions do not give advantage to any one section of the populace;
(2) that revenues derived from property devolve largely to property;
(3) that other sections of the community contribute their share; and
(4) that tax rates do not become so high that they inhibit ownership.

In a successful free enterprise society, it is desirable that individual ownership of property should be a legitimate aspriation, and also that the owner should be prepared to meet

the taxation burden to which the income-earning capacity of that property exposes him. All too often, however, the property owner is finding that, not only does it appear that he is paying excessive taxes; but that there appears to be a distinct lack of system or equitability in the way that those taxes are applied. Obviously, an excess of the former is going to aggravate any emotions aroused by the latter; and it is perhaps the biggest danger in municipal affairs today that reform delayed too long could become too radical. In such circumstances, the subject of municipal affairs is everyone's concern. The situation and trends in this field are examined in more detail in the following chapters.

CHAPTER 2

MUNICIPAL TAXATION

1. PROPERTY TAX -- ITS THEORY, APPLICATION, ADVANTAGES AND SHORTCOMINGS.

In one form or another, the municipal type of government is found everywhere where man has grouped himself together in anything beyond the smallest aggregations. Whilst there are myriad differences in the size, type and degree of organization found, the principle of the inhabitants contributing, either in money or services, to the upkeep of the place in which they live is almost universally accepted as the premise on which a community can expect to be maintained and to prosper. On the manner in which those monies or services are levied, however, there is an ever growing discord; the "Urban Crisis" with its intense debates, growing municipal debts and urban decay is something which even the richest cities and towns seem unable to avoid. More significantly, suggested solutions for municipal problems are becoming more radical; a sure sign of the seriousness of the problem and the need for meaningful action. On the trends of the last few years, there is a good deal of evidence for the viewpoint that present property tax structures will be drastically altered within the near future. The reasons for this are many; but mainly it is because the concept of raising the fiscal wherewithal to finance the present type and level of services solely or principally from property taxes is becoming more untenable within the framework of current social trends and developments. The latter, manifested mainly as a desire for a quantitative and qualitative improvement in services, are likely to accelerate rather than to slow or change. It is, therefore, in fiscal structures that the major adjustments are likely to appear.

The so-called "Urban Crisis" is a relatively recent phenomenon and much discussion has arisen as to why, after

many years of relative stability, municipalities of all shapes and sizes should quite suddenly find themselves in seemingly intractable financial situations. The reasons are complex and interlocking, but basically may be attributed to three trends which have undermined the typical municipal financial structure based very largely on income from property taxes.

1. There has been a great proliferation in the number of services demanded of and provided by municipalities. The following list could be added to but, even so, gives some idea of the vast and still growing range of services which a municipality may be expected to provide: Drainage, fire protection, police protection, garbage and refuse collection and disposal, sewerage, sidewalks, roads and streets, snow removal, regulation of traffic, community planning, street lighting, water, parks, community services and recreation, tourist promotion, industrial development and promotion, urban redevelopment, housing land assembly, education, welfare, health, justice, airports, etc.

2. There has been a phenomenal development of the "people services", such as education, health, welfare and transit, which have escalated expenditures to levels certainly not anticipated even twenty years ago, and which have outstripped the growth rate of the property value from which most municipal revenue derives. The property tax is, therefore, supporting services which it was never designed to carry; such services as it was intended for -- i.e., the true property services, such as fire protection, police protection, sewerage, drainage, water, garbage disposal, etc. -- would, typically, in Canada today represent only between 15 and 20 per cent of municipal expenditures. This figure compares with the cost of debt servicing, such liability having almost invariably been incurred to provide those

services from which property owners derive only indirect benefit. The net result of this in many areas has been a percentage rise in total property taxes far beyond the natural expansion of property values or the progressive diminution in real dollar values.

3. In sharp contrast to the situation of even fairly recent times, there has been a marked tendency for wealth to be held in forms other than property. Property taxes, therefore, initally imposed really as a wealth tax, are extremely ineffective as such. Moreover, assessment methods and other practices are such that, in virtually every case which has received serious study, property taxes have been found to be highly regressive. This not only means that tax sources are not being exploited as they should be, but also that a serious social injustice is being perpetrated on those least able to bear it -- the burden on the rural poor and those on fixed incomes is particularly acute.

To summarize and expand this list, the main criticisms of the property tax may be tabulated as:

1. It is extremely difficult even with highly trained staff to obtain uniformity of assessment.

2. The role of the property tax to raise revenue for property services has been very largely superceded by the use of the greater part of this revenue for people services.

3. Property tax is almost invariably regressive.

4. With the ongoing trend away from holding wealth in the form of property, the present structure is placing an ever-increasing burden on the owner-occupier section of the population.

5. With regard to business premises, the normal method of assessment, based upon market value, is tending to bear a lesser relationship to its contribution to the productivity of the business and hence its ability to bear taxes.

6. In agriculture, the very rapid rise in capital invested in buildings necessary to operate today is placing a relatively higher burden on the farmer.

7. Because the farmer typically sells his produce in a market, in which his personal influence is very small, he finds it very difficult to pass on the increase in the form of higher prices.

There are three main reasons why the property tax has remained.

1. The tax, at least within small units, is easy to levy and collect.

2. Any other type of tax (with the possible exemption of the poll tax) would invariably involve larger institutions and, therefore, predicate either control from outside or reform of the fiscal structure of the municipality. The essence of this argument can be appreciated by considering the implications of applying a sales tax in a town or small municipal unit.

3. Provided the collection system is efficient, the income from a certain tax rate is highly predictable.

For these reasons (and particularly its ease of administration, so that even the smallest municipal unit may raise revenue), the property tax has become very widely established. Few would deny that it would be inequitable to leave property untaxed as this would both eliminate a large source of revenue, and also leave the real estate market wide open for exploitation by speculators. However, the changes which have taken place in social and business structures, political philosophy and municipal function, without compensatory change in property tax application, are tending to create a situation of increasing inefficiency and injustice. The situation has every appearance of worsening, and it is really now only a question of time until the need for reform becomes so acute that administrative convenience will no longer be a valid criterion for retention of the

tax in its present form. Change, therefore, in the short or long-term, is very likely; some other factors affecting this trend and their likely effect are discussed below.

2. FACTORS AFFECTING MUNICIPAL STRUCTURES AND ORGANIZATION:

It has been established above that there are in effect today powerful and growing influences for municipal reform from within the present structures. There are also various outside influences which, although not yet perhaps so compelling, are, as part of the rapidly changing socio-economic scene, trends which are likely to have a rapidly growing effect.

1. Size of institution: One of the most remarkable trends of our times has been the manner in which institutions of all sorts have increased in size (often at the expense of the disappearance of the smaller unit). This is mainly a product of the technological revolution, whose expensive unit inputs such as computers, and necessary division of function of personnel, subtend a larger unit for efficient operation. This trend is accelerating and is, for instance, the main driving force behind the frequent corporate mergers now taking place. The lesson for the municipalities in all this is that there is a minimum size for efficiency, and, below it, operations can only be carried out by giving the tax-payer less than value for his tax dollar. Much could be done to improve efficiency from within, but the fact remains that, for many municipalities in their present form, the minimum size is no longer present and becomes more remote still as the trend to larger units continues.

2. Uniformity of Services: The people of Canada today are well informed about their fellow citizens, even though great distances may separate them. They elect a Federal Parliament, which reflects their views in becoming increasingly concerned with ensuring that there is equality of opportunity and services

across Canada. This implies that the Federal Government must take the lead and set standards which will be observed across the country. This, in itself, inevitably implies a degree of involvement with government at the lower levels. The important thing is that, when standards are set which the municipality cannot alone achieve, then that function is very likely to pass to a higher level of government. It is very likely that, if present trends continue, the services of police protection, health and welfare, and education, at least will be transferred from municipal authority.

3. Urbanization: Every year a greater proportion of Canadians are becoming Urban dwellers, this being an important facet of the sweeping changes which are taking place in the industrialized nations. It has a very real bearing on the lower levels of government in that rural municipalities are apt to find themselves with a smaller tax base as people move to the towns and cities; while at the same time they are being asked to provide services on a level with the urban areas. Failing rural municipalities are, therefore, often the indicator that the system is beginning to break down, and, where this does take place, it is usually manifested in either functional bankruptcy, very heavy debt loads -- indicated by a high proportion of servicing charges in the budget -- or a fall in services to below an acceptable level. Some municipalities exhibit these symptoms today.

4. Tax-amenity ratios: The small and rural municipalities are beginning to suffer increasingly from what may be termed unfavourable tax-amenity ratios. This has been brought about by the fact that, while through size or location they do not have a high overall amenity value, they still have to attempt to provide a good standard of services. This in many cases can only be achieved through a high tax rate and, thus, one often finds either similar properties having similar assessments, although of widely different amenity value, or conversely, an

inferior house in a rural area having a similar assessment to a better urban property, both situations being most inequitable. Although often offset to some extent by lower rural tax rates, situations like this distort the rural property market and eventually encourage movement towards the urban centres; this in turn intensifies the problem.

5. The commercial-private sector ratio: No one would question that the last few decades have brought about an enormous expansion of business enterprises both in size and number; yet only in isolated instances have municipal taxation structures been modified to keep pace with this change. Not only have many properties passed from the private to the business sector, but there has also been a sharp increase in the volume of business conducted and hence tax-paying ability. In general, this potential revenue source has not been fully tapped, while on the other hand the private sector is bearing an ever-increasing burden.

6. Exemptions: The widespread practice of exempting various types of undertaking has eroded away both the total assessable property value and to some extent the equitability of the system. Formerly, municipalities competed for the location of businesses in their area by offering long-term exemptions, which cannot be regarded as anything else but a burden on the taxpayers in the area. This keen competition must be to the advantage of the firms concerned. It is obvious that, in many cases, businesses relocating or opening new branches have obtained grossly unfair advantages through the shortsightedness of some municipalities, a myopia for which taxpayers in the municipality will pay until the exemption expires. Still others enjoy permanent exemption and, while there are often good reasons for this (the cases for government buildings, hospitals, etc., are not difficult to justify), they do represent a financial burden on the people in the area which others are not being asked to bear.

7. Inter-municipality competition: This type of competition, once of a largely wholesome nature, is now beginning to take on some very undesirable aspects. The situation has arisen from the fact that, increasingly, municipal budgets are being supplemented by provincial grants to meet certain objectives. Thus, it has been the practice for municipalities in Nova Scotia for some years to have some part of their education costs met by the province; some receiving only nominal support, while others may receive up to 90 per cent of their costs. The more fortunate ones are thus able to bid heavily for staff, knowing well that they will only have to pick up a small part of the tab. Not only is this inequitable from the taxpayers' point of view, but tends to create a transitory attitude in the minds of the employees involved which can only be harmful.

Summary:

Acute and growing strains are arising in the field of municipal finance for a wide variety of reasons, whose effect is likely to increase rather than diminish. Certain functions, such as education, health and welfare, police protection, and possibly some newer developments, such as land assembly, industrial development and attraction and tourist promotion, will feel these effects more intensely. They will tend to move out of municipal jurisdiction as far at least as finance is concerned. Resistance of these trends will worsen the position of the municipalities and/or result in poorer services and increasing unrealistic burdens on those paying property tax.

For various reasons, again, the burden will tend to fall more heavily on the smaller municipalities -- usually rural -- and this has a very real significance for Nova Scotia, which, as a late entrant in the industrialization-urbanization race, has still a large stake in maintaining a prosperous rural sector based upon a healthy and progressive agriculture to enable industrialization and growth to take place without undue economic and social dislocation.

CHAPTER 3

MUNICIPAL ORGANIZATION IN NOVA SCOTIA

A succinct outline of Nova Scotia's municipal organizations is given in the introduction to the Department's Annual Report; it states:

The Province of Nova Scotia is divided geographically into eithteen counties; twelve of these constitute separate municipalities and the remaining six are divided into two districts or municipalities each; making a total of twenty-four rural municipalities. There are in addition thirty-eight incorporated towns and three cities each of which is geographically located within a county or district but forms no part of it politically and except as to joint expenditures is entirely independent of it. The county or district enjoys similar independence of towns and cities. There is no part of the Province which is not municipally organized; every part of the Province is contained either within a city or town or a rural municipality. Each of the municipal units administers some or all of the normal municipal services.

The word "municipality" as used in the Province is somewhat misleading -- it generally means any city, town or self-governing municipal unit, but in Nova Scotia it also has a restricted meaning referring particularly to a self-governing county or district. In this introduction the words "rural municipality" will be used for the latter, restricted meaning.

In addition, there are other organizations providing what are commonly considered as municipal services. Within the rural municipalities these include:

1. School trustees within municipalities, incorporated and acting for school purposes only, under the Education Act; these have no direct relationship with the Department of Municipal Affairs and since January 1, 1956, they have no taxing or borrowing

powers and act generally only as agents for the Municipal Tax Board.

2. Village Commissioners incorporated and acting under the Village Service Act for furnishing municipal services to a more populated area of a rural municipality; at the time of writing, there are eighteen such village commissions in operation.

3. Local Commissions incorporated and acting under special Acts of the legislature, generally for street-lighting or fire protection; there are approximately thirty-four of these organizations at present date.

In a few cases also, commissions have been created in cities, towns and rural municipalities to operate municipal services such as hospitals, utilities, cemeteries and rinks. The Village Commissions and at least some of the Local Commissions are authorized to levy taxes in addition to those collected by the municipality itself.

HISTORICAL DEVELOPMENT

Municipal change is occurring continuously. Three prominent developments of late have been the reversion of Inverness town to the county municipality; the annexation of certain areas by the City of Halifax (two processes now completed); and the proposed amalgamation of the eight Cape Breton County municipalities. The changes which have taken place in the past are dealt with briefly below -- they are instructive in that they point out the way in which development has occurred; and looked at in perspective, give some idea of problems and changes now present or likely to occur.

Municipalization and rural municipalization in particular were slow to develop in Nova Scotia, partly because provincial governments of the time favoured centralization; and partly because there was both difficulty and reluctance on the part of the rural areas to provide the necessary resources. The legislation bringing

into being the rural municipalities (they exist with the same boundaries to this day) was passed in 1879. Prior to this, Halifax and five other towns had acquired municipal status by special legislative act and four more were to obtain their status in this way before the Towns Incorporation Act of 1888 made provisions for any town to become incorporated given the ratepayers' consent for this step and the meeting of certain size criteria. Since then, 37 more towns have become incorporated. Two of these, Dartmouth and Sydney, have obtained charters to become cities; and four have relinquished their incorporated town status.

The main features of the legislation controlling municipal affairs are:

1. Municipal Affairs is a wholly provincial function and responsibility.
2. Cities have their own charters, which are separate pieces of municipal legislation.
3. The powers of towns derive from the Towns Incorporation Act.
4. The rural municipalities operate within the various Municipal Acts.
5. All municipalities are under the jurisdiction of the Municipal Affairs Act which regulates borrowing powers. Municipalities are also regulated by special acts such as the Education Act and the Public Health Act.
6. The Village Service Act permits a community of more than 100 people to incorporate a village commission to provide certain services.
7. The Municipal Act and the Town Incorporation Act define the regulatory functions which may be undertaken by the municipality; the list is usually more comprehensive in a city charter.

A feature of the system in Nova Scotia is the separation of the rural from town and city municipalities to a degree which is unusual elsewhere. This, of course, has meant for some of the

smaller municipalities that considerable difficulty is experienced in financing certain services. And although provision has been made for expenditure-sharing between municipalities, in practice there are very real difficulties in the assignation of equitable proportionate shares. This will be dealt with in some detail later. Its main significance, however, is that the structure of municipal organization inhibits the type of expenditure-sharing operation between municipalities which is becoming increasingly necessary.

THE DIVISION OF RESPONSIBILITY

As seen above, the various pieces of municipal legislation regulate the functions and responsibilities of the municipalities. It should not be thought, however, that the situation is static. Changes have occurred over the years which in total have had a very considerable effect on the face of municipalization in Nova Scotia. Some of the more important of these responsibilities and functions are examined below.

Municipal services may conveniently be divided into two categories:

a. local services -- accruing largely to people within the municipality; e.g., garbage collection, street-lighting.

b. general services -- of wider or even provincial benefit; e.g., highways.

Typically, development has meant that many local services have come to be thought of as general services; with the result that such services as education, welfare, health, etc., once thought to be almost entirely the concern of the municipality now receive a considerable amount of financing and regulation from the Provincial Government. Even so, the rate of expansion of expenditures on these items has usually risen much faster than the outside contributions; the result being, of course, an increasing absolute and relative burden on the municipalities.

EDUCATION

The principle of free schools supported by property taxes was established by enabling legislation as early as 1808 but it was not until the Education Acts of 1864, 1865, and 1866 that this became both compulsory and universal. The legislation had the following main features:

a. Provincial grants for construction and teachers' salaries.
b. The setting up of municipal school funds for each county or district supported by a property tax levied on that area.
c. Provision for the sharing of these funds amongst the school sections within the fund area on a basis of teachers employed.
d. Provision for the sections to raise supplementary income by levies on real and personal property within their areas.

The school sections, in practice, turned out to be too small and after considerable study a new system was adopted in 1946. Although it failed to be adopted, considerable thought was given at even this early date to the concept of transferring school financing completely from the municipal field to the provincial field. The system eventually chosen was a complicated one, binding the Province to make up the difference between the yield from a uniform levy and the cost of a minimum standard programme. This was a step in the right direction in that it established standards. But it had two great drawbacks: firstly, that it was virtually impossible to attain a standard levy due to widely differing assessment practices; and secondly, as assessments tended to remain static, it tied the Province to paying for a large proportion of any increases in the cost of the programme. Eventually, the burden on the Province became too much and changes were made yet again. The main substance of the revised scheme, which was recommended by the Pottier Commission and put into effect in 1956 was:

a. All children should have a basic or foundation education.
b. All public education facilities should be in the scheme.
c. Local responsibility would continue but there would be an attempt to improve equitability through equalization of assessment.
d. The "ability to pay" principle would be entrenched in a uniform rate of tax on the market value of real and personal property at the municipal level.
e. Overall, the province and the municipalities would share the burden approximately equally.
f. A minimum contribution would accrue to each municipality irrespective of the yield from its levy.

Some modifications were made to this scheme but generally it is the form that exists today; i.e., that most capital debt and the recurring expenses pertaining to education are shared on a rational basis by the province and the municipalities. In the towns and cities the proportion met by municipalities is about sixty-five per cent and in the rural areas about half this figure.

There is little doubt that the scheme represents a considerable advance both on what went before and the systems found elsewhere. But on the other hand, there is a good deal of evidence that its introduction has substantially increased the financial pressures on most municipalities, particularly those receiving only a small proportion of their costs from the Province. Nonetheless, it is arguable that problem of poor standards in the rural municipalities (which was the raison d'etre of the Pottier Commission) has largely been solved and that a review of the assistance provided by the Province to investigate the possibility of changing the proportions to be more in favour of the urban municipalities might well be appropriate.

HEALTH

This function has four main sections:

a. Hospital Care - Before the implementation of the Hospital Insurance Plan on January 1, 1959, the Provincial Government

made grants to public hospitals contingent on certain standards being met; the grants were, however, rather small compared with total hospital expenditures. Once the act came into force the Province, in conjunction with the Federal Government on a roughly 50-50 basis, undertook to provide hospitalization and other related services to everyone in the Province; the cost being met by a 3 per cent (and later 5 per cent) sales tax. Municipalities are still responsible for most of the capital costs; but there is a hospital capital fund which is maintained by a levy on each municipality on a per capita basis.

b. Mental Hospitals - Generally the curable insane are the responsibility of the Province while the incurable are looked after by the municipalities. The Province, where the appropriate standards are met, pays about half of the operating costs.

c. Public Health - Costs again are shared; each municipality is required to appoint a Medical Officer of Health and a Sanitary Inspector. Generally municipal expenditure on Public Health is only a very small fraction of Provincial and Federal Expenditure.

d. Medicare - While imposing a heavy burden on the Province, the implementation of this scheme will have little or no effect on the municipalities except possibly to reduce some types of welfare expenditure.

SOCIAL WELFARE

This function was carried out entirely by the Municipalities until 1958 when the passing of the Unemployment Assistance Act enabled the Provincial Governments to obtain half of welfare costs from the Federal Government; to this, on certain conditions being met. The Province later added a further 1/6 of the total payment which in effect, meant that only 1/3 is now required from the municipality; assistance is also provided towards municipalities' administrative costs.

MISCELLANEOUS

Various grants are made to municipalities in lieu of fiscal rights that have been relinquished (municipal income tax, bank tax, etc.). They are of limited significance, however; running together with similar Federal payments at less than one per cent of total municipal revenues.

COMMENTS

Even without a formal organized policy of reform a considerable amount of significant advances have taken place.

1. In education, standards have been set, municipalities have now to make a specified effort and the foundation programme is entrenched and underwritten at provincial level.
2. The Hospital Plan has made a very considerable contribution to reducing the municipalities' costs; and raising standards.
3. Standards and financial help for care of the mentally ill have been established.
4. Welfare payments have been standardized and most of the cost moved to the Provincial Government.
5. Provincial involvement in general services has been extended to public health, child welfare, and urban highways; all reducing the burden on the municipalities and/or enabling them to provide a better service.

1. MUNICIPAL REVENUES: NOVA SCOTIA (1966)

	Amount $'000	$ of gross*	$ of net
Property and personal tax	51,894	71.75	87.60
Poll and transfer tax	2,227	3.08	3.76
Fees, fines and permits	3,758	5.19	6.34
Federal contribution	3,718	5.14	--
Provincial contribution	9,346	12.92	--
Miscellaneous		1.92	2.40
		100.00	100.00

* Gross figures include Federal & Provincial contribution.

2. SELECTED MUNICIPAL EXPENDITURES (1966)

(a) includes provincial contributions
(b) excludes provincial contributions

	(a) %	(b) %
Protection to person & property	12.90%	14.21%
Public works & Sanitation	6.79%	7.33%
Health	1.17%	1.24%
Social Welfare	7.69%	4.10%
Education	35.57%	39.16%
Debt charges	19.28%	17.34%

CHAPTER 4

FARM & LAND TAXATION IN NOVA SCOTIA

The policy with regard to land assessment is fundamentally the same as that governing the assessment of other types of property in that the real and market value of the land is the basis of the valuation. Rule 2, Section 18 of the Assessment Act states, "All property should be assessed at its actual cash value, such value being the amount which in the opinion of the assessor, it would realize in cash if offered at auction after reasonable notice." All the assessment regions follow basically the same procedure in this process, the difference lying in the adjustments made to allow for the peculiar local conditions which bear on the market value which the land might be considered to have.

Both farmland and forested areas are assessed according to a comprehensive guide, which lays down a basic classification of land types, together with typical values (although, of course, allowance has to be made for local factors, as indicated above). For agricultural land, this classification is based on varieties of arable, pasture or marshland, whereas, for forestry, the basic criterion is the estimated period to have elapsed since culling. Flexible values are ascribed to each class.

It will be appreciated that a problem arising on farmland bordering on urban areas is that it is possible, by regarding such land as potential building land, to assess its value at a much higher level -- it is usual for such land to be regarded as agricultural until there is some definite indication that it is about to be used for building purposes.

FARM ASSESSMENT:

Nearly all municipalities break down a farm assessment into three categories:

(1) Land.
(2) Farm buildings.

(3) Dwelling house.

These are assessed in the following way:

(1) as explained above.
(2) on the basis of what the buildings add to the value of the farm. This will depend on the type of enterprises undertaken on the farm and, therefore, could change substantially over a short period.
(3) the dwelling house is assessed according to the laid-down procedure used for all dwelling houses, but this figure may be adjusted downwards, if there is any factor which would tend to diminish its market value. In practice, the fact that a house is regarded as an integral part of a farm (for which fewer sale opportunities might occur) often reduces its assessed value to considerably less than what the value might be, if the house was sold separately.

Two important exemptions have been granted to farmers, and apply to:

(1) The livestock, implements and machinery which belong to a farmer and used in working his farm.

(2) The unprocessed produce of the farm, being property of the person who raised or produced the same.

These exemptions represent a far-reaching simplification of farm assessments and a substantial and growing benefit to farmers as both the cost and use of machinery increase. They are in addition a type of exemption not granted to other industries (whose inventories and plant are taxed), and thus represent a special concession to agriculture.

DIFFICULTIES ENCOUNTERED WITH THE ASSESSMENT OF FARMS AND WOODLOTS:

1. FARMS:

The rapidly contracting number of farms (down from 39,444 in 1931 to 9,621 in 1966) has resulted in a slow market for farms in the province. This produces considerable difficulty for the assessors

in that, not only are market values depressed, but there are also few and sporadic sales, by which the market can be evaluated at any one time. Assessors are, therefore, faced with a difficult and complex task.

2. LAND:

A similar situation applies to land. The present downward trend in acreage of land used for agriculture (a fall of crop and pasture land of about 25% between 1956 and 1966) has both produced a poorer market and also impelled the downgrading and reassessment of over 150,000 acres throughout the province. The trend of diminution of commercial farm numbers and contracting crop and pasture acreage is likely to continue for some time, thus perpetuating the problem.

3. BUILDINGS:

There is not a simple valuation on either the "brick and mortar" or "frame and board" value of the building, but rather the buildings are valued on what they contribute to the value of the farm. This is subjective, and requires a knowledge of rapidly changing agricultural technology. The task is fairly simple on the specialized farm, where up-to-date custom buildings exist, but very complex on the more common general type of farm, where many old buildings are adapted to various and changing enterprises.

4. FORESTRY AND WOODLOT:

The present system aims at arriving at a valuation by assigning values according to estimates made of the amount of standing timber. The system, if applied universally, is fairly equitable, but fails in some measure to recognize the increasing significance of the following:

(a) That saw lumber is declining in importance relative to pulp, which is harvestable at shorter intervals.

(b) Without intensive field assessment the real significance of the differing growth potential capacities of various land classes may be overlooked.

(c) The system assumes and favors either the practice of clear cutting, in which every piece of marketable lumber is removed, or, in its less intense form, high grading or selective cutting, in which only the best lumber is removed. At least at the farm woodlot level, modern forest management practice, which aims at the retention of a basic stand of young, semi-mature and mature timber from which regular cuttings for pulp and lumber are made, tends to be discouraged by the present tax system.

(d) New forestry practices have cut growing periods substantially, and made more obsolete the present taxing system.

(e) By penalizing mature stands, the system further encourages the harvesting of immature material.

5. BUILDING LAND:

The problem of assigning an equitable value to land in use for agriculture, but yet potentially available for building, is a formidable one. The assessor has to steer a course between penalizing bona fide farmers, who have no wish to see the land developed for building lots, and allowing revenue go untapped on land which has been taxed at agricultural rates and is sold for building lots at prices far in excess of its assessed value. The wide disparity between these values frequently as much as 2000%, illustrates the magnitude of the problem the assessor faces.

Municipalities are also faced with the fact that, since taxes take usually more than 25 years to equal the value of the land, only very infrequently will they have this long period of time to recover the full benefit of an upward valuation. The land owner, therefore will nearly always gain the financial advantage over the taxing authority in situations of rapidly rising land values.

6. EXEMPTIONS:

The exemptions granted to farmers and the appropriate sections of the Assessment Act are generalized and open to differing interpretations. Two outstanding examples of controversy arising from this have been:

(a) The assessment in Yarmouth County of mink pelts on the grounds that they have been processed and therefore are no longer exempt.

(b) Increased valuations have been placed on orchards in Kings County. These increased valuations are opposed on the grounds that the fruit orchard is a crop and should be exempted.

The above should give some idea of the complexity of the problem of land assessment in Nova Scotia. Much of the method used must of necessity be of a subjective nature, and this further complicates a situation, which is already complex. It is likely that the two examples given above of interpretations of exemption legislation will be multiplied as financially pressed municipalities attempt to maximize their income in every possible way. The main problems facing agriculture, arising from the present municipal situation, are outlined in the following section.

CHAPTER 5

PROBLEMS FACING AGRICULTURE ARISING FROM THE PRESENT MUNICIPAL SITUATION

1. Agriculture by definition uses large amounts of land and tends, therefore, to have property taxes as an unusually high proportion of expenses.

2. The unquestioned need to employ higher inputs of farm buildings under today's conditions is placing an increased burden on the farmer in that these investments constitute a widening of his business tax base.

3. Agriculture is frequently called a "disadvantaged" industry, in that it exhibits certain features such as high investment-output ratio, specialized and diversified operative skills, family ownership and participation, low predictability of output, highly seasonal production and others. Together these represent a very severe impairment of the ability of the industry to adjust to unfavourable conditions in either the short or the long-term.

4. The farming industry is almost powerless to pass on rising costs in the form of higher prices. In times of inflation or rising expenses, agriculture is at a great disadvantage compared with other industries.

5. The wide diversity of types, sizes and situations of municipalities subjects farmers to a wide variation in taxation burden and levels of services received.

6. The position on woodland taxation is important in that over 60% of commercial farm acreage in the province is forested. A substantial proportion of the farm income is derived from the woodlot.

7. Traditionally no attempt has been made to separate the dwelling house from the rest of the farm for taxation purposes. This has obscured some of the vital issues involved.

8. Even when there is no prospect of non-agricultural use for the land, the assessment of each of the three main components of farm assessment, land, buildings and house, is complex and subjective. This is particularly significant when farm acreage is contracting and the number of sales of farms are inadequate for a really meaningful appraisal of the market.

9. The rapid urbanization process will imply that over the next few years the acreage of farm land which can be considered to have immediate subdivision potential will grow rapidly. This, unless forstalled, could have a significant effect on the viability of agriculture near towns and become a serious source of conflict between the farmers and the municipalities.

10. The law governing exemptions applicable to agriculture is ambiguous and unclear. It is a fruitful area for dispute between farmers and municipalities.

11. There is every indication that there will be a rapid and continuing rise in property taxes unless there is radical reform of municipal structure. Such a development would be of great significance to the agricultural industry which, for a variety of reasons, would both assume a heavy burden and lack the capacity to bear continuous tax increases.

CHAPTER 6

THE ECONOMIC IMPACT OF FARM PROPERTY TAXES

This section is made up of a series of observations which resulted from the survey of commercial farm tax rates. Conclusions are stated at the end of a related group of facts. Where it was felt desirable for clarification and reduction of statistical information in the body of the report, the information is recorded graphically. The appropriate number of the graph is referred to at the end of the conclusion paragraph.

Statistical data related to each observation is found in Appendix A.

PART 1 THE GENERAL IMPACT OF PROPERTY TAXES IN NOVA SCOTIA

1. Over the period 1961 - 1966, the total real property taxes and the total property assessment in Nova Scotia rose by almost 44% or at an annual rate of 8.6%.
2. Property taxes levied on land and buildings in agriculture rose over this same period by 8.3% or at a rate of 1.7% per annum.
3. Total assessable property value on farms rose by 15.1% or at an annual rate of about 3%.

CONCLUSION: TAXES LEVIED ON FARM LAND AND BUILDINGS HAVE RISEN AT ONLY ABOUT A FIFTH THE RATE OF PROPERTY TAXES IN GENERAL AND AT ONLY ABOUT HALF THE RATE OF THE INCREASE IN THEIR REAL VALUE.

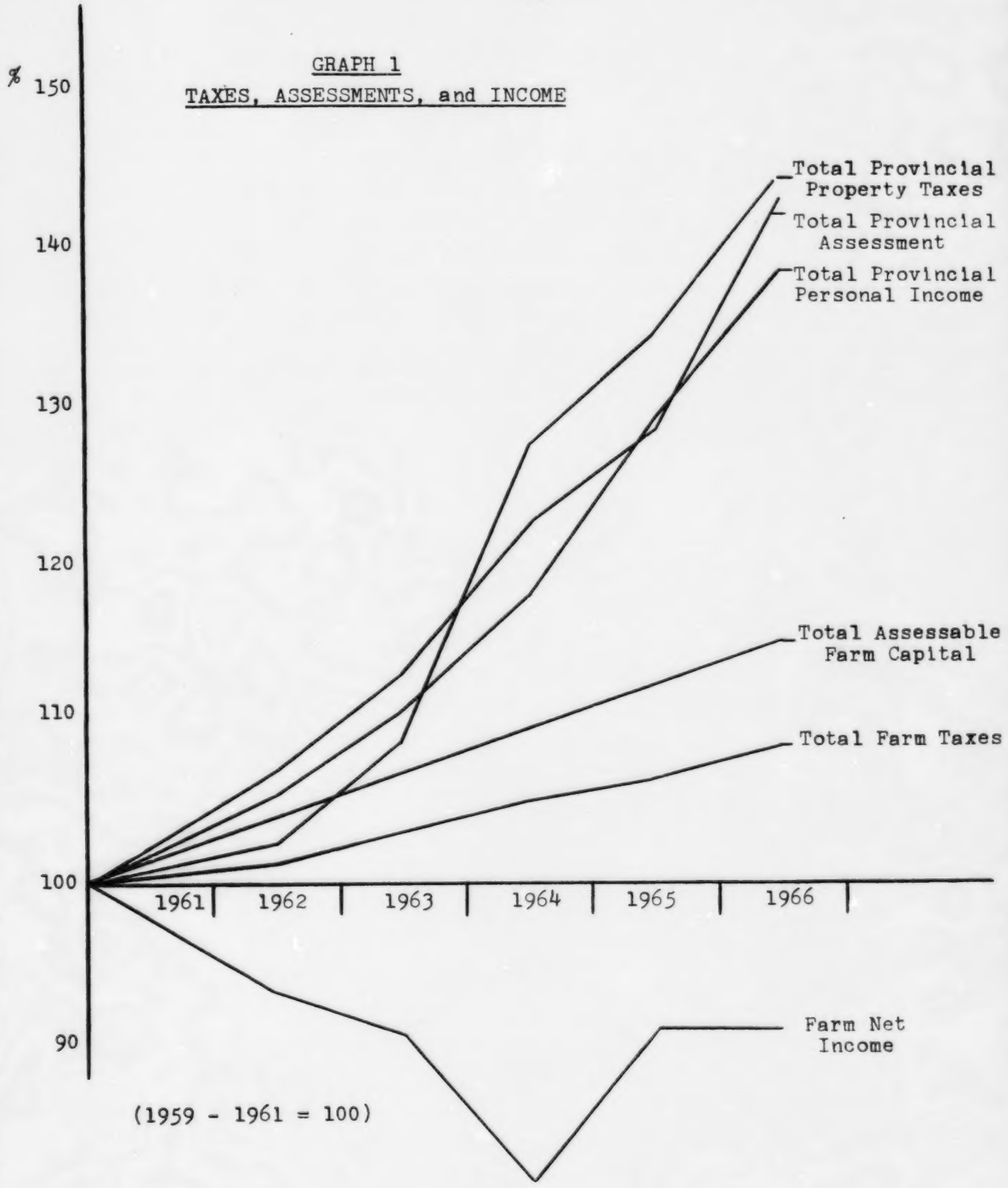
4. Provincial personal income over this period rose by 42% (a rate almost exactly similar to property taxes).
5. Total farm net income, however, during this period fell by 9.2% or at an annual rate of a little over 1.8%.

CONCLUSION: WHEREAS THE RAPIDLY RISING PROPERTY TAX BURDEN HAS BEEN CLOSELY PARALLELED BY INCREASES IN PERSONAL INCOME ACROSS THE ECONOMY GENERALLY, IN THE AGRICULTURAL SECTOR INCOMES HAVE FALLEN. WHILE THIS TREND HAS BEEN OFFSET SUBSTANTIALLY BY A MUCH LOWER RATE OF INCREASE OF FARM TAXES ITS IMPLICATIONS TO AGRICULTURE (PARTICULARLY IF THE TREND CONTINUES) ARE SERIOUS.

(See Graph 1)

GRAPH 1

TAXES, ASSESSMENTS, and INCOME



5. Farm net incomes have declined over the past few years due to costs rising at rates much greater than farm produce prices. Some examples of this for Nova Scotia are (1959 - 1968):

Farm Taxes	+ 11.7%
Interest on Indebtedness	+ 175.5%
Wages	+ 40.4%
Depreciation	+ 35.0%
General Commodity Index	+ 52.6%
General Farm Produce Prices	+ 17.2%

CONCLUSION: THE IMPACT OF PROPERTY TAXES (RELATIVELY INSIGNIFICANT WHEN TAKEN ALONE) MEASURED THROUGH TAX: NET INCOME RATIOS IS STEADILY INCREASING AS NET INCOMES ARE ERODED BY THE FAILURE OF FARM PRODUCE PRICES TO KEEP PACE WITH COSTS: IN GENERAL PRICES OF GOODS AND SERVICES USED BY FARMERS HAVE RISEN MORE THAN THREE TIMES AS FAST AS PRICES PAID FOR FARM PRODUCE OVER THE LAST TEN YEARS.

(See Graph 2)

PART 2 PROPERTY TAXES AND FARM INCOME

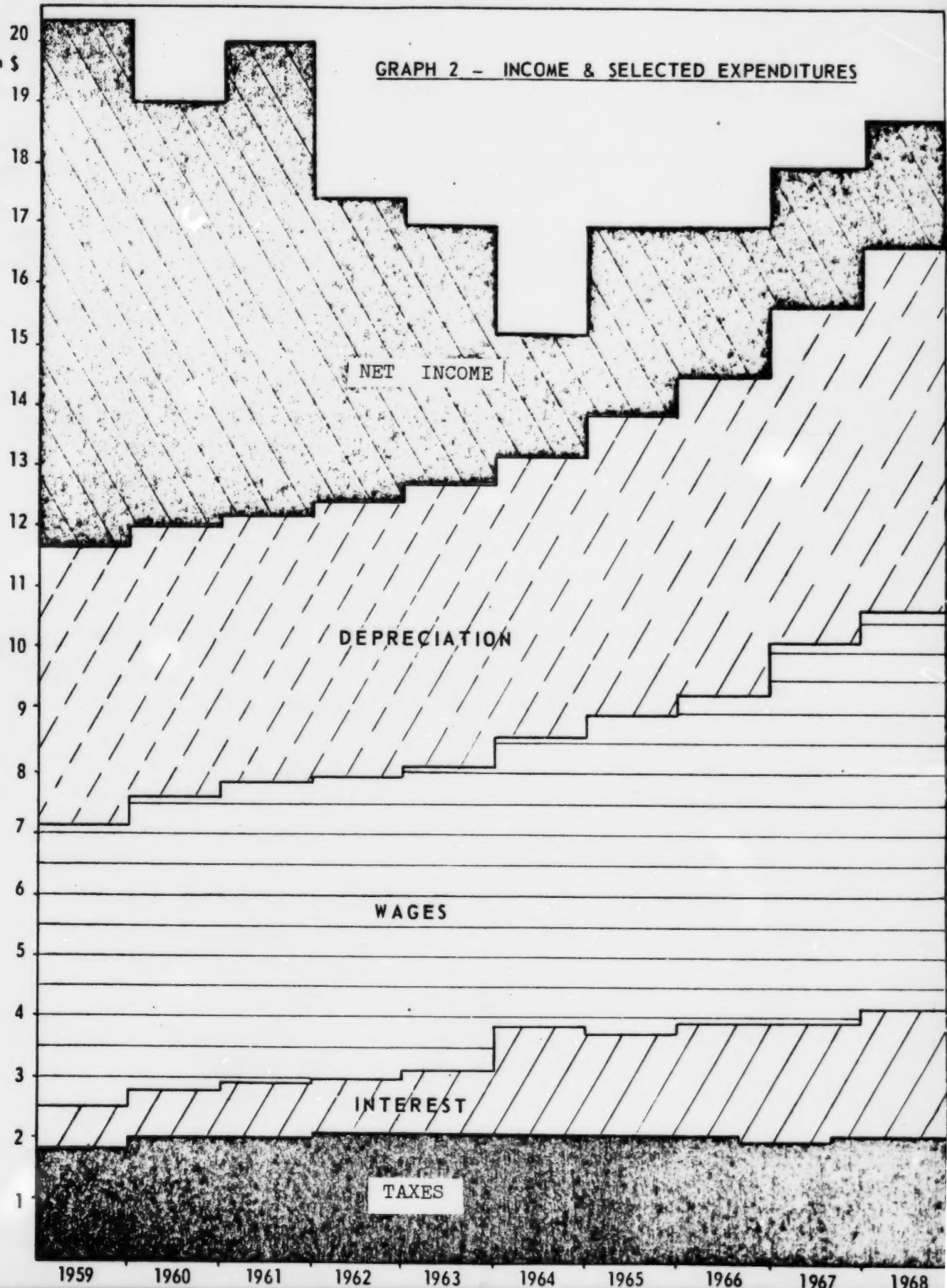
6. Between 1961 and 1968 the proportion of gross farm income required to pay farm real estate taxes fell marginally from 3.3% to 3.2%.

7. Taxes paid per $100 of assessable value also fell slightly from $2.03 to $1.87 over the same period.

8. The comparable figures for U. S. agriculture in 1967 were 3.9% of gross income and $1.05 per $100 assessable value.

9. In 1960, which is the latest year for which complete figures are available, other industries paid the following proportions of their gross incomes in property taxes: Fishing 0.43%; Forestry 0.03%; Hotels and Restaurants 4.01%.

CONCLUSION: WITH RELATIVELY STABLE FARM TAXES AND AN EXPANDING GROSS INCOME BASE, THE TAX/GROSS INCOME RATIO HAS FALLEN SLIGHTLY. BUT IT IS STILL COMPARABLE TO THE VERY HIGH U. S. FIGURE AND COMPARES UNFAVOURABLY WITH OTHER INDUSTRIES. ALSO THE FIGURE FOR TAXES AGAINST


GRAPH 2 - INCOME & SELECTED EXPENDITURES
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VALUE IS ALMOST TWICE AS HIGH AS THE U. S. FIGURE AND IS STILL SUBSTANTIALLY ABOVE THE $1.50 LEVEL BEYOND WHICH MOST REAL ESTATE EXPERTS CONSIDER PROPERTY TAXES TO HAVE UNDESIRABLE ECONOMIC EFFECTS.

10. Between 1961 and 1966 net income, as a proportion of gross farm income, had fallen from 37% to 28%. Thus the real burden of farm taxes had increased in relation to net income even though there was an apparent decrease in terms of tax gross income ratio.

11. As a result of this trend the relationship between taxes and net income rose from 9.1% to 10.3%, even though the relationship between taxes and total cash income also dropped from 3.9% to 3.5%.

CONCLUSION: DUE TO A STEADY DECLINE IN THE PROPORTION OF CASH AND GROSS INCOMES WHICH REMAIN FOR NET INCOMES, COMPARISONS BASED ON EITHER OF THESE FIGURES MAY BE VERY MISLEADING. THE REAL SIGNIFICANCE OF THE ABOVE IS THAT FARM PROPERTY TAXES ARE TAKING AN INCREASING SHARE OF PROFITS. THIS SHARE ALREADY AMOUNTS TO MORE THAN 10%.

PART 3 THE CONTRAST BETWEEN COMMERCIAL AND NON-COMMERCIAL AGRICULTURE

12. While in 1968, 3.5% of the cash income of agriculture was used to pay property taxes, the per cent for commercial agriculture was less than 2.1%.

13. With non-commercial agriculture now producing less than 13% of the cash income of agriculture (income in kind would, however, raise this somewhat) it may be estimated that around 19% of its cash income is required to pay property taxes.

CONCLUSION: THERE IS A SHARP CONTRAST BETWEEN COMMERCIAL AND NON-COMMERCIAL FARM PROPERTY TAX BURDENS: ON THE AVERAGE, THE NON-COMMERCIAL HOLDING REQUIRES MORE THAN EIGHT TIMES THE PROPORTION OF ITS CASH INCOME TO MEET TAXES THAN DOES THE COMMERCIAL UNIT.

14. Although no directly comparable figures are available, due to a slight change in the definition of a commercial farmer for census purposes, the proportion of cash income required to pay taxes in 1961

was approximately 14% for non-commercial farms; with commercial agriculture paying only 2.8%.

15. Between 1961 and 1966 assessable capital on commercial farms rose by 37% while taxes rose 27%. On non-commercial farms assessable value fell by 3% and taxes by 4.2%.

16. While cash income rose by 36% over this period in the commercial sector, in the non-commercial sector it fell by 30%.

17. Comparisons on a $100 total value basis are as follows:

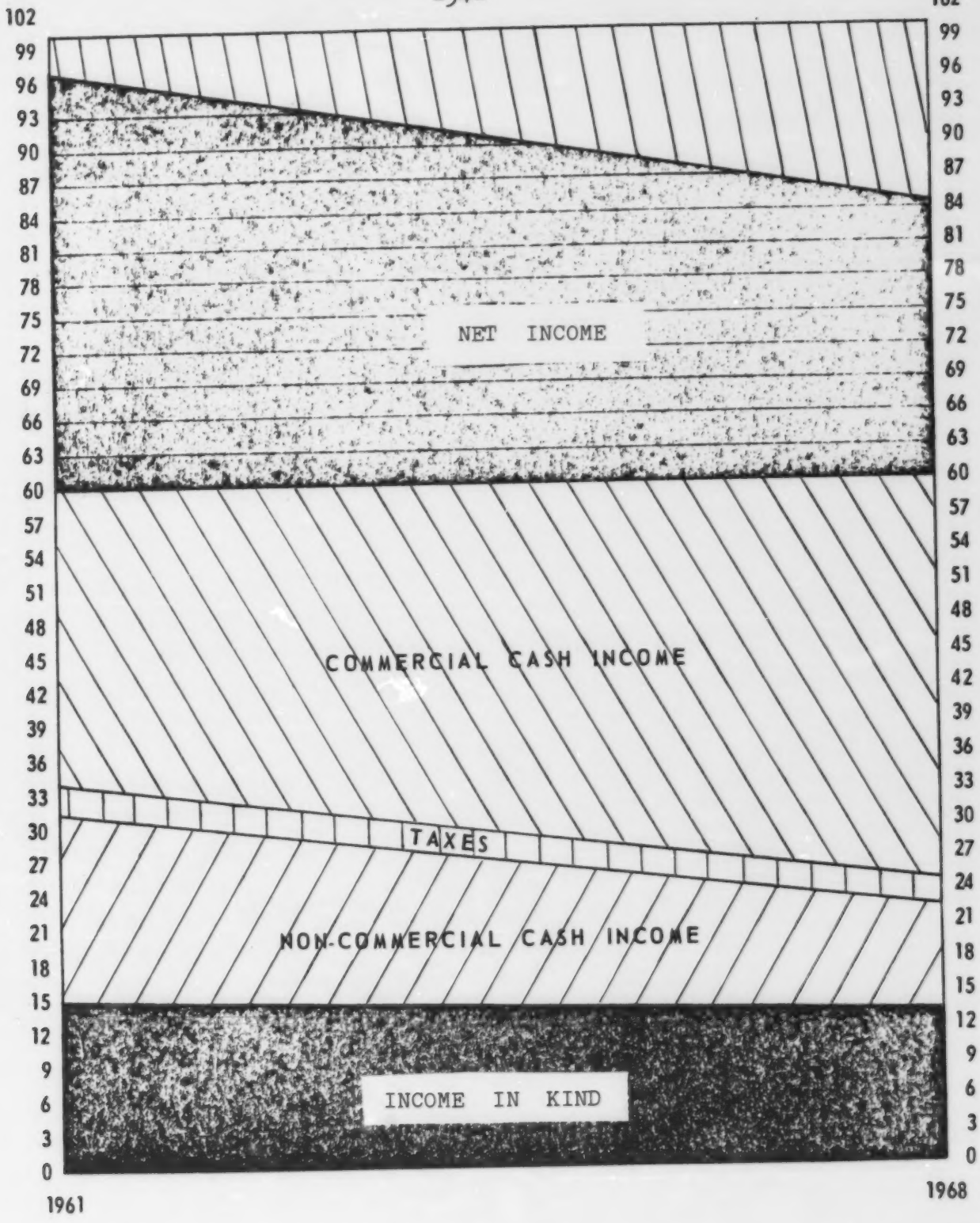
1961	All Agriculture	2.03c	commercial	1.95	non-commercial 2.07
1966	All Agriculture	1.87c	commercial	1.82	non-commercial 2.01

CONCLUSION: ASSESSMENTS AS MEASURED BY THE TAX VALUE RELATIONSHIP HAVE CLOSELY FOLLOWED SHARP CHANGES IN THE ASSESSABLE PROPERTY POSITION.

CONCLUSION: NON-COMMERCIAL AGRICULTURE IS RAPIDLY DIMINISHING IN BOTH ABSOLUTE AND RELATIVE IMPORTANCE: THE REDUCED VIABILITY OF THESE UNITS IS CLEARLY SHOWN BY THE INCREASING PROPORTION OF CASH INCOME THAT IS NEEDED TO PAY TAXES WHICH ON A CAPITAL VALUE BASIS ARE FALLING.

CONCLUSION: THE RISING TAX BURDEN ON NON-COMMERCIAL FARMS MUST BE SEEN AS A FAILURE TO USE THE CAPITAL ASSETS ON WHICH THEY ARE TAXED TO GENERATE SUFFICIENT INCOME TO PAY THOSE TAXES. IN THIS SECTOR AT LEAST APPARENTLY HIGH TAXES CANNOT BE BLAMED FOR THEIR DETERIORATING ECONOMIC POSITION WHICH IS IN FACT DUE TO SOCIO-ECONOMIC INFLUENCES COMMON TO ALL THE DEVELOPED COUNTRIES AND BESIDE WHICH PROPERTY TAXES ARE INSIGNIFICANT: HIGH TAX BURDENS ON THESE ALREADY UNECONOMIC UNITS ARE A SYMPTOM RATHER THAN A CAUSE OF NON-VIABILITY.

(See Graph 3)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COMMERCIAL CASH INCOME
TAXES
NON-COMMERCIAL CASH INCOME
INCOME IN KIND
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THE GENERAL IMPACT OF FARM PROPERTY TAXES A SUMMARY

1. While property taxes have generally risen at a much lower rate in the agricultural sector, their impact has increased significantly due to the worsening economic situation of agriculture.

2. While the close relationship between assessments and full value should assuage widespread reservations concerning assessment practice in the province, the level of assessment to full value must be considered (at almost $2.00 per $100.00) unsatisfactorily high.

3. In view of the above, it is not surprising that farm property taxes overall are now equivalent to more than 10% of farm profits.

4. The above statement must be modified by the fact that there is a very considerable dichotomy between the commercial and non-commercial sectors. The latter bears a much higher relative tax burden due to its poor economic performance rather than excessive taxation.

5. Meaningful discussion of the farm tax position must take cognizance of the facts that there are different levels of agriculture with different problems, that the situation is a very complex one amenable to no simple answer and that any suggested solutions must have acceptance to all parties involved. It will be essential to look to the causes of the present situation in order to have any chance of formulating realistic policies for its solution.

CHAPTER 7

FARM PROPERTY TAXES AND COMMERCIAL AGRICULTURE

(a) The General Situation

1. Commercial agriculture is now estimated to produce 87% of the total agricultural sales.
2. This preponderance of production is derived from only 44% of the land farmed in the province and from around 53% of the assessable capital on all farms.
3. On this 53% of assessable property commercial agriculture is paying little over 51% of total farm property taxes.
4. The average commercial farm is 286 acres in extent and employs assessable capital to a value of $19,300.
5. Over the period 1961-1966, this average acreage figure has increased by 8% whereas the number of commercial farms fell by about 5%; overall there was a net increase in commercial farm acreage of 2.4%.
6. In contrast non-commercial farms, while remaining fairly constant in average size, fell in number by 29% reducing the aggregate acreage by 26%.
7. Between 1961-1966, the assessable capital figure for commercial farms rose at an annual rate of more than 9%: this being more than three times the rate for agriculture as a whole.
8. During this same period commercial farm property taxes rose by an average of 5.6% per annum which was almost twice that for agriculture as a whole.
9. Concurrently, the amount of assessable capital used to produce $100 of net income rose from $230 to $372: an average rate of more than 12% annually.
10. This was marginally offset by a small decline in tax rates per $100 value; but even so, tax, as a proportion of net income, rose from 4.5% to 6.8%.

CONCLUSION: COMMERCIAL AGRICULTURE NOW PRODUCES THE GREAT MAJORITY OF FARM OUTPUT IN NOVA SCOTIA: NON-COMMERCIAL AGRICULTURE IS DECLINING RAPIDLY (IN SIZE AND SIGNIFICANCE).

CONCLUSION: SINCE IT PRODUCES ALMOST SEVEN TIMES AS MUCH AS THE NON-COMMERCIAL SECTOR FROM APPROXIMATELY THE SAME AMOUNT OF ASSESSABLE CAPITAL THE BURDEN OF PROPERTY TAXES ON COMMERCIAL AGRICULTURE IS BY ANY CRITERION MUCH LESS.

CONCLUSION: PROPERTY TAXES LEVIED ON COMMERCIAL AGRICULTURE APPEAR TO BE INCREASING AT AN ANNUAL AVERAGE RATE OF ALMOST 6% ALTHOUGH THE VALUE OF ASSESSABLE PROPERTY IS RISING AT MORE THAN 9%.

CONCLUSION: WITH NET INCOMES SHOWING A STEADY DECLINE IT FOLLOWS THAT PROPERTY TAXES ARE PLACING AN EVER INCREASING BURDEN ON COMMERCIAL AGRICULTURE.

CONCLUSION: THE AMOUNT OF ASSESSABLE CAPITAL REQUIRED TO GENERATE $100 OF NET INCOME IS RISING STEEPLY. THIS HAS ALLOWED THE RATIO OF TAX TO NET INCOME TO RISE EVEN THOUGH THE FULL INCREASE IN ASSESSMENT VALUES IS NOT BEING COLLECTED IN TAXES.

(b) The Situation by Municipality and County

Full details of all information relating to each municipality and county are given as Appendix B: the main indications to be gathered from this statistical data are:

1. Commercial agriculture pays 1.4% of the total provincial property tax bill.
2. In only two counties (Kings and Antigonish) does the proportion of total taxes paid exceed 10% and only in another five does it exceed 5%.
3. Over the last ten years, farm taxes have increased at a much lower rate than taxes in general.

CONCLUSION: COMMERCIAL FARMING MAKES A RELATIVELY SMALL AND DECLINING CONTRIBUTION TO PROVINCIAL PROPERTY TAX REVENUES.

4. The exemptions granted on livestock and machinery in 1966 reduced the total tax bill by 20.8%.
5. Although no absolutely comparable figures are available, it is almost certain that the exemptions have reduced total farm property taxes to below the 1961 level.

CONCLUSION: EXEMPTIONS GRANTED TO MACHINERY AND LIVESTOCK HAVE MADE A VERY SUBSTANTIAL CONTRIBUTION TO REDUCTION OF THE TOTAL TAX BURDEN.

6. Property taxes levied on farm dwelling make up 35.6% of the total tax bill.

7. Property taxes levied on farm buildings make up 29.2% of the total.

8. Property taxes levied on farm land made up 35.0% of the total.

CONCLUSION: A CONSIDERABLE PORTION OF TAXES ARE DERIVED FROM THE DWELLING OR NON-BUSINESS PORTION OF THE FARM. THE IMPORTANCE OF THIS MAY BE GAUGED BY THE FACT THAT IF THE EXEMPTIONS WERE CALCULATED AS A RELIEF ON ONLY THE BUSINESS SECTOR OF THE FARM THEIR EFFECT WOULD BE EQUIVALENT TO A REDUCTION OF 32.4% IN THE OVERALL BURDEN.

9. The effect of the granting of exemptions was very uneven; ranging from an effective tax reduction on the business portion of the farm of 81% in Guysborough County to 15% in Kings County.

10. No pattern could be established for the effect of these exemptions -- with agriculturally dissimilar counties gaining equal benefit from the exemption while the converse was also true.

CONCLUSION: APART FROM GENERALLY REDUCING FARM EXPENSES THE EXEMPTIONS GRANTED WOULD APPEAR TO HAVE HAD NO POSITIVE EFFECT TOWARDS THE ACHIEVEMENT OF LONG-TERM GOALS OF RATIONALIZATION AND INCOME IMPROVEMENT IN AGRICULTURE.

11. Average taxes paid per acre of land on commercial farms varied widely from a low of 10.2¢ in Lunenburg to a high of 74.2¢ in Pictou.

12. Not only was the range wide but many of the relationships between counties were difficult to explain, e.g., Shelburne County had a higher rate than eight other counties (and more than twice as high as Lunenburg), being very much in the same bracket as Annapolis County which itself had a rate less than one-third of either Kings or Pictou Counties.

CONCLUSION: WHEREAS SOME OF THE DIFFERENCES IN AVERAGE LAND TAX RATES MIGHT BE DUE TO FACTORS SUCH AS THE PROPORTION OF LAND IN ACTIVE USE, IT IS DIFFICULT TO ESCAPE THE CONCLUSION THAT WIDE

DISPARITIES EXIST IN THE TAX LOADS FARMERS BEAR FOR EQUIVALENT LAND RESOURCES.

13. In those counties frequently thought of as the future agricultural growth areas -- Colchester, Cumberland, Pictou, Hants and Annapolis Counties -- land tax loads in all but Pictou are below the Provincial average.

CONCLUSION: EFFORTS TO CREATE LAND MARKETS IN THOSE COUNTIES HAVING SUBSTANTIAL UNDEVELOPED AGRICULTURAL POTENTIAL ARE BEING UNDERMINED BY LOW TAX BURDENS WHICH TEND TO ENCOURAGE BOTH SPECULATIVE AND NON-PRODUCTIVE LAND OWNERSHIP PATTERNS.

14. Whilst there are no separate figures for building values, available evidence strongly suggests that tax loads per dollar of building value are also subject to considerable variation. This may be deduced from comparing tax loads with total assessable values (made up of land and buildings).

15. The county with the highest proportion of taxes to $100 of full assessment value was Shelburne (3.62%); the lowest was Guysborough (0.82%).

16. All of the "growth" counties listed above were below the provincial average with the exception of Pictou.

17. Very wide variations also occur in general per capital tax levels across the province; this is due to differing fiscal situations of municipalities: those with high proportions of commercial or industrial sectors in their tax base being generally able to keep overall tax levels somewhat lower. On the other hand, a municipality with a high degree of exempt property and a small industrial and commercial tax base would tend to have a high tax rate particularly if the services it provided are of a high standard. By and large, it was found that these differences were fairly accurately mirrored in agricultural tax levels.

CONCLUSION: SUBSTANTIAL VARIATIONS EXIST IN TAX LOADS PER UNIT OF FULL VALUE OF LAND AND BUILDINGS ON FARMS IN DIFFERENT LOCATIONS.

CONCLUSION: PROVINCIAL FIGURES ON THIS BASIS HAVE SHOWN CLOSE CORRELATION WITH CHANGES IN ASSESSABLE VALUE ON FARMS AND THIS TOGETHER WITH THE FACT THAT THE TAX BURDENS ON FARMERS ARE CLOSELY RELATED TO OTHER TAX PAYERS IN A GIVEN MUNICIPALITY STRONGLY SUGGEST THAT THESE DIFFERENCES ARE DUE TO THE CIRCUMSTANCES OF THE MUNICIPALITY RATHER THAN TO ANY SHORTCOMING IN ASSESSMENT PRACTICE.

18. There are wide variations again in the relationship between taxes and cash income. Lunenburg was lowest with 0.98% of cash income going to pay property taxes; while the highest was Queens with 2.99%.

19. Generally, the more developed counties have a lower and thus more favourable rate. But there were exceptions again to this; notable ones being Guysborough and Cape Breton having the second and third lowest figures at 1.21 and 1.29%, whereas Inverness and Annapolis were very similar at just under 2%.

CONCLUSION: WHILE THERE WAS A GENERAL TREND FOR THE HIGH INCOME COUNTIES TO HAVE LOW TAX TO CASH INCOME RATIOS THERE WERE SOME NOTABLE EXCEPTIONS.

CONCLUSION: LOCATION OF A FARM IN NOVA SCOTIA IS LIKELY TO HAVE A VERY CONSIDERABLE EFFECT ON THE TAX BURDEN IMPOSED ON THE OPERATOR: THIS EFFECT MAY BE SO GREAT AS TO OUTWEIGH THE PURE VALUE BASE ON WHICH EQUITABLE TAXATION IS POSTULATED.

APPENDIX A

1. FARM AND PROVINCIAL, ASSESSMENTS, TAXES AND INCOME

	1961	1962	1963	1964	1965	1966
Total Assessable Farm Capital	89.3 Mn. (100)					102.8 (115.2)
Total Farm Taxes	1810 (000) (100)	1840 (101.6)	1870 (103.3)	1901 (105.0)	1931 (106.6)	1961 (108.3)
Net Farm Income	20.0 Mn. (100)	17.3 (92.6)	16.9 (90.3)	15.3 (81.7)	17.0 (90.8)	17.0 (90.7)
Provincial Personal Income	882 Mn. (100)	934 (105.9)	981 (111.2)	1041 (118.0)	1144 (129.7)	1220 (138.3)
Total Provincial Property Taxes	28.8 Mn. (100)	32.4 (112.5)	34.4 (119.4)	36.8 (127.7)	38.8 (134.7)	41.6 (144.4)
Total Provincial Assessment	1037.1 Mn. (100)	1116.3 (107.6)	1179.4 (113.7)	1270.6 (122.5)	1335.4 (128.7)	1483.2 (143.0)

Sources:

1961 and 1966 Census of Canada -- D.B.S. Publication

1966 Department of Municipal Affairs -- Annual Report 1966

1968 Nova Scotia "Agricultural Statistics Handbook"

2. FARM PROPERTY TAXES AND SELECTED EXPENSES ($ Mn.)

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Net Income	20.4	18.9	20.0	17.4	17.0	15.3	17.0	17.0	17.8	18.7
Taxes	1.7	1.8	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Interest	0.8	0.9	1.0	1.1	1.3	1.8	1.7	2.0	2.1	2.2
Farm Wages	4.7	4.9	5.0	4.9	4.9	4.9	5.4	5.5	6.2	6.6
Depreciation	4.4	4.4	4.4	4.5	4.5	4.6	4.8	5.5	5.5	5.9

Source: Nova Scotia "Agricultural Statistics Handbook".

3. FARM TAXES AND INCOME

	1961	1966
Assessable capital in commercial agriculture	$40,130,000	$55,064,600
Taxes levied on commercial agriculture	787,930*	1,003,540
Assessable capital in all agriculture	89,262,000	102,849,000
Taxes levied on all agriculture	1,810,000	1,961,000
Assessable capital in non-commercial agriculture	49,132,000	47,784,400
Taxes levied on non-commercial agriculture	1,022,000	958,500
Cash Sales of Commercial agriculture	37,200,000	47,900,000
Cash Sales of all agriculture	46,170,000	54,071,000
Cash Sales of non-commercial farming	8,970,000	6,171,000
Gross Farm Income	54,200,000	61,500,000
Farm Net Income	20,020,000	16,998,000

NOTES:

* Adjusted to allow for changes in the census definition of a commercial farm.

2. Census income figures have been revised upwards to correspond with Provincial estimates.
3. Discrepancies between the total tax bill arrived at from this study compared with census figures can be attributed to personal taxes being recorded along with realty taxes for census purposes.

Sources: D.B.S. Census 1961: 1966
Nova Scotia Agricultural Statistics Handbook

4. COMMERCIAL AND NON-COMMERCIAL AGRICULTURE

	1961	Change	1966
Total number of farms	12,518	-23 %	9,621
No. of commercial farmers	3,016	- 5.1%	2,867
No. of non-commercial farms	9,502	-29.2%	6,754
Acreage of farms	2,203,400	-15.9%	1,851,895
Commercial farm acreage	799,267	+ 2.4%	818,552
Non-commercial farm acreage	1,404,133	-26.2%	1,033,343
Average commercial farm size	265 A.	+ 8.3%	286 A.
Av. non-commercial farm size	148	+ 3.5%	152.9
Av. assessable capital per commercial farm	13,306	+44.3%	19,206
Av. assessable capital per non-commercial farm	5,171	+36.8%	7,075

SUMMARY OF FINDINGS & RECOMMENDATIONS

1. The impact of farm property taxes is increasing steadily due to a deteriorating income position in agriculture; this in spite of much lower rates of increase of taxes in agriculture.
2. Even though the burden of taxation related to value is already greater than what is normally considered acceptable, there is every indication of further increases brought about by a trend towards greater capital requirement on farms.
3. The economic position of agriculture is worsening steadily, and although a large measure of relief was afforded by the exemptions on livestock and machinery, this has done little or nothing to improve the long-term viability or profitability of commercial farming.
4. Farmers are subject to a variation in tax burden depending on location -- this works against a balanced long-term development of agriculture and fuller use of yet unexploited land resources.
5. The present system of woodland taxation is not always equitable, gives an inadequate return for the assessment effort put into it, and in some circumstances, is not in the best interests of effective land use.
6. The present practice of combining dwelling and farm business taxes on one assessment is not in the best interests of either taxpayer or municipality.
7. Farm assessment on a cash value basis, in the present circumstances of decreasing farm numbers and a contracting acreage, is highly subjective. Enough is known of land use capability to evolve an objective taxation system based on land potential for agriculture.
8. Land near urban areas is increasingly being affected by "subdivision potential," thus raising its value and, hence, taxation burden considerably. This brings about a clash of interest between farmer and municipality which could be resolved by a combination of zoning and tax reforms to meet the interests of both parties.
9. The law governing exemptions is in need of reform to eliminate difficulties arising from different interpretations.

10. The professional standards, training requirements and progressive attitudes of the various assessment bodies in Nova Scotia compare with the best across Canada.

RECOMMENDATIONS

These recommendations have been made with the long-term interests of agriculture and municipalities kept in mind. As stated earlier in this study, the situation is a very complex one and the temptation to put forward simple solutions (i.e. a new round of exemptions) has been resisted in favour of ideas which it is hoped exhibit simplicity, practicality and equitability to all concerned.

A. (Covering finding (6)) It is strongly recommended that as a minimal step towards improving understanding between farmers and municipalities, that in future all tax demand notices should show clearly and separately the taxes appropriate to the dwelling and business sections of the farm.

B. (Covering finding (9)) In order to avoid clashes between farmers and municipalities on questions of exemption, it is recommended that the law governing exemptions be amended to safeguard those exemptions which the spirit of the present law now seeks to protect. This is a question of legal definition only and one which for a small effort could save a great deal of unnecessary friction and ill will.

C. (Covering finding (8)) There is a need for a policy concerning the land on the fringes of urban areas which will protect the farmer and the municipalities without encouraging speculation. The following system would, it is felt, safeguard municipal interests, allow bona fide farmers to continue without paying tax rates inappropriate to the use to which the land is being put, and would make speculation difficult.

Dual assessment tax deferral system.

A farmer feeling that his land was being taxed on a basis other than agriculture could apply to have the tax basis adjusted according to the following procedure.

(a) The land could receive a long-term agricultural zoning which would effectively protect it for the foreseeable future. Taxes in this case would be based on solely the "agricultural" value. Were this against the wishes of the applicant or impracticable or undesirable for the municipality, the alternative would be:

(b) Dual assessment -- calculated on:

1. Agricultural use equivalent to the rating were the land zoned for this; or
2. The value for other purposes which the municipalities considered valid.

This system would work in the following way:

During the time that the land was used for agriculture, only, the taxes appropriate to that assessment would be collected. At the wish of the owner, or failure to use the land for agriculture, or the development of the land for other purposes, or sale, the difference between the two assessments (i.e. the "tax deferral amount") would become due.

The system could be refined to take care of sale to a bona fide farmer, (including inheritance) and also depending on circumstances by the application of a limit to the number of years of tax deferrment collectable. These would be matters appropriate for each municipality to decide but the basic system alone would offer the following advantages:

(a) The interests of a bona fide farmer would be in every way protected without financial burden upon him.

(b) Even with a back log of taxes to pay, there would still be ample opportunity for a fair and reasonable profit to a farmer wishing to sell land when it suited him (e.g. retirement, settlement of estate duties, etc.).

(c) The municipalities although unable to collect immediately would have adequate safeguard of their interests, since frequently the real cause of land value appreciation can be traced to municipal expenditures on road building, street lighting, sewerage, etc.

(d) Speculation in these circumstances would be actively discouraged particularly if municipalities applied their powers adequately. To illustrate how this recommendation might work, an example is given below (assuming a tax rate of $3.00 per $100).

	Agricultural Assessment	Tax Paid	Full Assessment	Tax Due	Deferral
1968	$ 60	$ 1.80	$ 500	$ 15.00	$ 13.20
1969	60	1.80	500	15.00	13.20
1970	60	1.80	500	15.00	13.20
1971	70	2.10	500	15.00	12.90
1972	70	2.10	500	15.00	12.90
1973	70	2.10	600	18.00	15.90
1974	70	2.10	700	21.00	18.90
1975	70	2.10	700	21.00	18.90
1976 (sold)		$15.90		$135.00	$119.10

Sale Price	$ 750.00 per acre
Deferral Due	119.10 per acre
Net Price	$ 630.90 per acre

The significance of the need for such a system may be seen in the wide differential between the agricultural and subdivision potential prices. While taxing at the higher rate would certainly work hardships on a farmer, the converse would not dissuade the speculator. Hence, only a split-level system can meet the overall requirements. Three objections to this scheme have been anticipated.

(a) The introduction of a Capital Gains Tax could put a double burden on the vendor at time of sale -- this could be overcome simply by applying the capital gains tax to the net figure in the calculation above.

(b) Ambitious or hard-pressed municipalities could apply excessively high values to "potential use values." Redress to this could be sought through existing assessment appeal courts which enjoy a high reputation for safeguarding the interest of taxpayers.

(c) Inequities in the values of agricultural use ascribed to land would be controlled through reform of agricultural and silvicultural land taxation as described below.

D. A Revised System of Agricultural and Silvicultural Land Taxes

Covering findings 1, 2, 3, 4, 5, and 7.

A summary of these findings would indicate that there is generally a higher burden of farm property taxes than is desirable. However, due to increased taxes and capital requirement in agriculture, this burden is likely to increase. The impact will be heightened by any progressive decrease in farm incomes.

However, this is not the whole story for there are variations between municipalities which give rise to a range of taxation burden both below and above what may be considered optimal. In the non-commercial sector, taxes, while apparently high, must be seen in the context of inefficient use which produces seemingly high tax loads but which in real terms may be below the level required to mobilize agricultural resources to the best long-term use. Conversations with A.R.D.A. officials and many farmers have led to a firm conviction that in some areas, tax levels are low enough to actively encourage speculative ownership and/or rural dwelling at a taxation cost below what would be reasonable. It is felt that a compromise between these two (high commercial tax loads in some areas and insufficiently taxed rural holdings) is both possible and desirable and could be accomplished by a province-wide tax reform which would, by basing taxation on land potential, (rather than the efficiency at which it used) achieve the following:

1. Effectively equalize tax burdens assumed by farmers for the use of similar land resources.
2. Mobilize, by loosening up the land market, areas of high potential land needed for the rationalization, income improvement, and stability of the agricultural industry.
3. Foster through financial incentives (or rather the lack of disincentives) the adoption of progressive practices which would be in the long-term interests of agriculture and silviculture. Practices such as sustained yield forestry techniques and arable land improvement, now attracting higher taxes, could be expected to receive

considerable stimulus.

4. Relieve municipalities of time-consuming annual assessment and still ensure them a highly predictable income at a low level of administrative input.
5. Assessment on this basis would be greatly simplified and more generally understood.
6. The tax burden on the farm would be greatly stabilized.
7. Short-term land development would not attract higher taxes; thus, there would be no financial disincentive applied to the technological adjustments frequently required in progressive farming today.

Main Features of the System

(a) Land used for agriculture or silviculture would be valued mainly on its LAND USE CAPABILITY.

(b) This basic qualification would be modified by a location factor which would take into account distance from markets, accessibility, available services, etc. This factor together with the basic capability classification would give an accurate appraisal of its relative ability to produce income irrespective of its location in the province.

(c) Wooded or cleared -- this would divide land into its present capability whether or not used for that purpose.

(d) Wooded land could be taxed under a separate system based upon land capability if Forestry Department Surveys could be considered technically adequate for assessing potential growth. No progressive or yield tax would be collected; this being replaced by an annual payment based upon estimated average annual production adjusted by the location factor to give a measure of final income potential. No changes would be made except in the valuation of the resulting product (pulp and lumber), which would be used in striking the annual tax rate.

(e) Agricultural Land

This would apply to land (whether or not in use) already cleared for agricultural purposes. Once again, a capability would be assigned (it is considered that sufficient information exists to do this already) and by applying to this the location factor, once again

arrive at its real potential. Taxes would, as with silviculture, be based upon this income earning ability. The following objections to a scheme of this kind are envisaged.

1. Imperfections in Land Capability Classifications

It is accepted that these do occur both in relation to the difficulty of devising a system to cover all cases and also the impossibility of mapping every small area accurately. Experience in other parts of the world, however, has shown that land classifications have rapidly become acceptable as a criterion of value being (imperfect though they are) a far better parameter than anything else available. Inequities in systems of this kind, measured only in a few percentage points, would be a vast improvement over the wide disparities obtained through subjective and outdated methods.

2. Assessment of Location Factors

These would be to some extent subjective; but once again since their purpose is to eliminate basic differences and inequities, their net effect should be heavily positive.

3. Municipalities Income Changes

Adoption of such a system at whatever levels of value and thus taxation yield chosen, would undoubtedly bring changes in the incomes of various municipalities. Preliminary calculations, however, using estimates of the capital value of land in commercial agriculture, have indicated that were taxation applied in this manner, it would be possible both to maintain the level of land tax revenue obtained and also to reduce tax levels to below the $1.50 per $100 full value mark. Much would, of course, depend on the final type of classification chosen (the choice of which would be a major task in itself). There would seem every chance that the municipalities overall would not only preserve their income levels but would be relieved of a considerable administrative burden.

4. Adverse Effects on Non-Commercial Farmers

By basing taxation on potential rather than use, the new system would most likely bring about substantial increases in taxes on land once farmed but now reverting to forest. Since a very large proportion of this type of land is held by 6,000 or so non-commercial farmers in the province, it is on this section that a considerable burden will fall. This process has already started as noted earlier in the large proportion of cash income that such units need to pay taxes. At one end of the scale, this will force the sale of badly needed land and place a curb on some of the land speculation that exists. But at the other end, such a trend could bring a measure of hardship to those to whom any extra expense would be critical and who, for one reason or another, are not capable of relocation either in the employment or dwelling sense. While pointing this out, however, (its real significance would need further assessment) it should be recognized that this problem already exists and the impact of tax reform would likely be only marginal.

5. Saturated Land Markets

There is little doubt that increased land taxes on underproductive units would sooner or later produce an increase in amounts of land offered for sale. That this trend would reach excessive proportions, however, is thought to be unlikely because there appears to be a keen demand for land through the A.R.D.A. scheme and its likely successors. The province has a purchasing program for a variety of purposes and to look to the future, the expected evolution of land use planning on a province-wide scale would result in a considerable increase in the amount of land sought by the crown. The creation of a looser land market would, in fact, favour this type of land use activity which is widely recognized as being long overdue.

E. House and Farm Building Taxation

Since these together make up about 65% of total farm taxes, they are of obvious significance. Considerable study and enquiry has

suggested no obvious major reform. The proposals below, if adopted, might go a considerable way to improving equitability both vis-a-vis farmers and other rural dwellers; and farmers and municipalities.

1. Farm Housing should be assessed separately from the business section of the farm, being treated as any other rural residence.

Advantages

a) Separates quite clearly the farmers tax liability to home and business.
b) Places all rural residents on approximately equal footing.
c) Requires no special farm assessment skills.
d) Would fit administratively within the land tax reform system.

Disadvantages

a) Farmers would lose certain income tax deduction benefits.
b) On many farms an attempt to separate the house from the buildings would be unrealistic.

2. Farm buildings could be assessed on a system based upon condition and cubic capacity rather than the present method which attempts to gauge their value to the farm as a unit.

Advantages

a) Could be fairly simple and understood by all giving a high degree of uniformity across the province.
b) Would require no specialized skills for assessment.
c) Would place a premium on good utilization.

Disadvantages

a) It would be difficult to arrive at satisfactory criteria for assessing condition.
b) A disproportionate burden would fall on farmers at the lower end of the scale whose old under-utilized buildings would become a greater tax liability.

CONCLUSIONS

If there is one lesson to be learned from the considerable body of information that was collected for this study, it is that the problems of agriculture are inextricably bound to a wide variety of external conditions and situations, at first sight seemingly remote to its own difficulties. In this particular case, agriculture is caught up in a municipal situation in which larger demands for tax dollars are being and will be made upon it: the fiscal problems themselves having arisen from sociological and economic causes beyond the control of the municipalities.

The conclusion to be drawn from this is that the municipalities which have the responsibility to look after the taxpayer at large (of which the commercial farmer in aggregate makes up only 1.1%) have only a limited degree of freedom of action in farm tax reform which they can justifiably undertake. In the past, a farm tax crisis was met by a wide ranging exemption which certainly did a good deal to cut down the immediate farm tax burden but which it can be argued did nothing to improve the long-term position of the industry and may well have magnified some of the inter-municipal tax burden differences.

The recommendations made at the end of this report will hopefully satisfy reasonable demands by both farmers and municipalities and their implementation would, it is felt, be a progressive step for all concerned.

In this connection, the author sees a clear need for a Provincial Land Board to collate and organize this type of reform. If such an organization was capable of initiating and carrying through a program of this kind, it would have solved what could be a serious problem in the future, and would also have established the means and methods which would favour the tackling of other problems and the adoption of forward looking land reform programs for the industry.

TAX DATA FOR INDIVIDUAL MUNICIPALITIES AND PROVINCE

(22 Municipalities have no Commercial Farmers)

	PROVINCE	3269	2.54%	1.09%	35.0%	29.2%	64.2%	35.8%	$91.93	N/A	30.1%
		1	2	3	4	5	6	7	8	9	10
County	Municipality		%	%	%	%	%	%	$/¢	%	%
ANNAPOLIS	Annapolis County	286	8.63	3.61	32.4	24.0	56.4	43.6	99.86	101%	22.7
	Bridgetown Town	4	1.40	0.66	45.1	31.7	76.8	23.2	91.31	N/A	9.0
	Middleton Town	2	0.36	0.20	37.7	18.8	56.5	43.5	173.70		9.1
ANTIGONISH	Antigonish County	155	10.51	4.13	39.9	20.0	59.9	40.1	93.77	91.9	59.0
CAPE BRETON	Cape Breton County	115	1.59	0.74	16.9	21.6	38.5	61.5	113.85	98.23	35.22
	North Sydney Town	2	0.11	0.07	16.9	23.3	40.2	59.8		N/A	N/A
	Sydney Mines Town	1	0.04	0.04	7.3	21.2	28.5	71.5	759.25	N/A	58
	Glace Bay Town	3	0.22	0.06	0.47	71.2	71.7	28.3	166.25	N/A	22.6
	New Waterford Town	1	0.02	0.04	29.5	14.6	44.2	55.7	54.00	N/A	
COLCHESTER	Colchester County	254	7.30	2.02	34.4	19.4	53.8	46.2	133.31	110.0	46.3
	Stewiacke Town	9	5.40	2.1	29.7	39.6	69.3	30.7	111.12	N/A	56.5
CUMBERLAND	Cumberland County	244	6.27	2.29	40.8	22.9	63.7	36.3	64.34	83.3	35.81
	Oxford Town	10	4.42	1.37	19.1	35.2	54.3	45.7	210.25	N/A	43.67
	Parrsboro Town	7	0.89	0.72	28.6	4.3	32.9	67.1	126.12	N/A	5.5
DIGBY	Clare District	61	2.37	1.63	18.9	30.0	48.9	51.1	50.95	62.75	110.2
	Digby District	45	1.79	0.66	38.81	18.9	57.7	42.3	67.10	64.1	56.65
GUYSBOROUGH	Guysborough District	10	0.78	0.37	41.7	26.3	68.0	32.0	52.89	73.2	249%
	St. Mary's District	14	1.35	0.7	48.8	15.7	64.5	35.5	48.38	60.9	89.7
HALIFAX	Halifax County	90	0.43	0.03	36.9	31.1	68.0	32.0	123.87	N/A	51.2
	Dartmouth City	1	0.03	0.08	34.0	66.0	100%	nil	nil	N/A	36.6
HANTS	Hants East District	156	10.8	2.8	37.9	35.7	73.6	26.4	108.52	88.8	37.36
	Hants West District	153	7.98	2.76	21.7	44.56	66.2	33.8	72.19	61.43	18.16
	Windsor Town	13	1.31	0.66	34.7	25.0	59.7	40.3	102.62	N/A	24.0
INVERNESS	Inverness County	110	4.96	1.6	33.0	28.6	61.6	38.4	62.06	85.5	111.3
KINGS	Kings County	795	21.6	5.19	36.2	31.4	67.6	32.4	111.50	100	12.3
	Berwick Town	5	1.52	0.7	18.5	34.0	52.5	47.5	204.40	N/A	12.2
	Kentville Town	3	0.15	0.12	24.2	43.0	67.2	32.8	123.08	N/A	N/A
	Wolfville Town	3	0.35	0.21	16.4	43.8	60.2	39.8	183.40	N/A	N/A
LUNENBURG	Chester District	7	0.22	0.15	21.4	28.7	50.1	49.9	53.50	61.9	248.7
	Lunenburg District	90	2.86	0.74	17.3	47.7	65.0	35.0	89.04	98.8	82.94
PICTOU	Pictou County	435	10.4	3.78	53.3	21.7	75.0	25.	39.41	36.8	26.53
	Pictou Town	3	0.89	0.18	32.1	9.1	41.2	58.8	419.62	N/A	12.3
	Westville Town	6	0.72	0.4	23.8	14.7	38.5	61.5	140.52	N/A	10.7
QUEENS	Queens County	13	0.27	0.21	42.7	26.36	69.0	31.0	62.77	77.5	10.13
RICHMOND	Richmond County	18	1.3	0.39	26.5	16.6	43.1	56.9	137.23	208.2	55.8
SHELBURNE	Barrington District	3	0.06	0.08	1.6	37.3	39.0	61.0	80.75	124.0	231.1
	Clark's Harbour Town	1	0.07	0.02		100.0					22.0
	Shelburne District	4	0.5	0.13	37.1	22.0	59.1	40.9	72.80	95.1	143.7
VICTORIA	Victoria County	42	2.46	1.1	23.70	23.1	46.8	53.2	119.41	N/A	24.2
YARMOUTH	Argyle District	9	0.74	0.28	12.2	21.7	43.9	56.1	106.79	137.6	40.7
	Yarmouth District	82	6.79	1.92	25.7	33.2	58.9	41.1	91.08	84.4	42.43
	Yarmouth Town	4	0.19	0.10	18.0	26.5	44.5	55.5	219.65	N/A	24.54

	NUMBER OF COMMERCIAL FARMERS	PROPORTION OF TOTAL TAXES PAID BY FARMS	PROPORTION OF TOTAL TAXPAYERS MADE UP BY FARMERS	PROPORTION OF TOTAL TAXES PAID ON LAND	PROPORTION OF TOTAL TAXES PAID ON BUILDINGS	PROPORTION OF TOTAL TAXES PAID ON LAND AND BUILDINGS	PROPORTION OF TOTAL TAXES PAID ON RESIDENTIAL HOUSING	AVERAGE TAX LOAD PER RESIDENTIAL UNIT	% OF MUNICIPAL AVERAGE	% LAND AND BUILDINGS EXEMPTIONS OF TOTAL TAXES

TAX DATA FOR COUNTIES AND PROVINCE

1966 (INCOME DATA)

PROVINCE	3269	1.41%	1.09%	35.0%	29.2%	64.2%	35.8%	$91.93¢	36.0¢	20.8%	61.9%	32.4%	$53.64¢	1.6%	1.52%
County	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
ANNAPOLIS	292	6.23	2.93	32.78	24.21	56.84	43.02	101.64	29.6	13.16	60.7	23.17	30.69	1.94	1.69
ANTIGONISH	155	10.56	3.1	39.95	20.0	59.9	40.17	93.15	30.5	21.89	37.12	36.49	49.78	2.44	1.67
CAPE BRETON	122	0.63	0.28	15.89	25.88	41.76	58.35	116.80	19.1	23.84	71.32	57.08	47.33	1.21	0.96
COLCHESTER	263	7.13	1.42	34.67	20.44	55.11	44.89	136.81	24.2	31.89	67.35	57.85	93.85	1.54	1.14
CUMBERLAND	261	5.39	1.38	38.59	23.67	62.26	37.74	69.89	17.3	20.39	56.79	32.75	35.59	1.29	1.05
DIGBY	106	2.02	0.90	29.60	24.05	53.65	46.35	72.95	21.0	36.01	44.91	67.12	44.91	1.90	1.93
GUYSBOROUGH	24	1.02	0.35	45.5	20.6	66.10	33.90	52.65	12.0	53.53	33.02	81.05	72.63	1.29	0.82
HALIFAX	91	0.26	0.14	36.8	33.7	70.5	29.5	123.87	30.2	37.6	74.3	53.4	144.26	1.38	0.88
HANTS	322	7.20	2.46	31.3	40.26	71.3	28.7	103.65	34.1	19.7	70.3	27.5	69.27	1.90	1.69
INVERNESS	110	3.58	1.48	33.00	28.58	61.58	38.43	62.06	22.4	36.07	32.37	58.57	58.25	1.98	1.44
KINGS	806	11.3	4.04	35.9	31.5	67.4	32.6	622.38	72.2	9.9	81.7	14.8	34.45	1.50	1.91
LUNENBURG	97	2.90	0.45	17.51	47.03	64.54	35.46	83.42	10.2	39.70	44.80	61.51	89.55	0.98	0.92
PICTOU	444	7.14	2.02	52.25	21.33	73.59	26.41	44.52	74.2	12.53	48.38	17.03	20.27	3.19	2.47
QUEENS	13	0.27	0.17	42.8	2.64	69.2	30.9	62.82	12.8	26.46	26.12	38.30	37.24	2.99	0.81
RICHMOND	18	1.29	0.38	26.6	16.6	43.2	56.9	137.32	30.1	27.83	49.84	64.50	63.46	2.62	1.39
SHELBURNE	8	0.22	0.09	30.00	28.2	5.82	41.1	74.45	22.6	19.04	12.68	32.69	21.55	2.82	3.62
VICTORIA	42	2.34	1.10	23.7	23.1	46.8	53.2	119.41	13.8	12.95	53.31	27.65	29.09	2.79	1.34
YARMOUTH	95	1.59	0.83	24.1	31.9	56.0	44.0	98.29	25.6	24.41	59.66	43.63	52.23	2.04	1.70

	NUMBER OF COMMERCIAL FARMERS	PROPORTION OF TOTAL TAXES PAID BY FARMERS	PROPORTION OF TOTAL TAXPAYERS MADE UP BY FARMERS	PROPORTION OF TOTAL TAXES PAID ON LAND	PROPORTION OF TOTAL TAXES PAID ON BUILDINGS	PROPORTION OF TOTAL TAXES PAID ON LAND AND BUILDINGS	PROPORTION OF TOTAL TAXES PAID ON DWELLING UNITS	AVERAGE TAX LOAD PER RESIDENTIAL UNIT	AVERAGE TAX PAID PER FARM ACRE	EXEMPTIONS AS % OF WHOLE FARM TAXES	% OF LIVESTOCK AND MACHINERY ON COMMERCIAL FARMS	EXEMPTIONS AS % OF LAND AND BUILDING TAXES	AVERAGE EXEMPTION TAX RELIEF PER FARM	TAXES AS A % OF CASH SALES	TAXES AS % OF ASSESSABLE VALUE